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COALITION GOVERNMENT OF DEMOCRATIC KAMPUCHEA

KPNLF Tactics, PRK Opposition in Svay Chek Campaign

90OG0065A Bangkok MATICHON in Thai 3-8 Nov 89

[Article by Toemphan Manithapho]

[3 Nov 89 p 7]

[Excerpts] Note: Toemphan Manithapho, a special reporter for MATICHON, risked his life going into Cambodia and had a once-in-a-lifetime opportunity to travel with KPNLF [Khmer People's National Liberation Front] forces of Son Sann when they attacked Svay Chek. These forces, together with forces loyal to Prince Sihanouk, seized this town from Heng Samrin forces. The following is Toemphan's day-by-day account from the day that he contacted Cambodian officials until Svay Chek fell.

A friend and I contacted a high-level official of the Khmer Serei, or KPNLF, on 13 October in order to ask permission to accompany KPNLF forces and gather information. We had to wait 5 days for a response. That was a long wait, because we had nothing to do while waiting except watch television at the Inter Hotel in Aranyaprathet.

During that period, my friend and I prepared the items that we would need for a four-day trek through dense jungle. [passage omitted]

Finally, our long wait came to an end on 18 October when we were contacted by the KPNLF official. They had agreed to let the two of us leave with Khmer Serei forces on 22 October. He said that a truck would be sent to pick us up at the hotel at 0400 hours. This official asked us to keep this matter secret for our safety and the safety of these Khmer Serei troops.

On the morning of 22 October, I got up at 0300 hours. I slept very little that night, thinking about we might experience during this trip. My fears increased when I met Ned Thayer, an AP reporter, at the hotel. Ned had traveled into Cambodia with Khmer Serei forces, but his truck had hit a mine planted by Heng Samrin forces. The driver was killed, and a friend of Ned's broke his leg. Ned was wounded in both legs by shrapnel. Fortunately, he was not hurt seriously. Ned warned me that every area in Cambodia was mined and that there was no way of telling where the mines were. Some of the roads were flooded and so on. [passage omitted]

At 0400 hours, a pickup truck arrived and parked in front of the hotel. It was to take us from Taphraya District to Bung Ampil, the headquarters of the Khmer Serei, which is located about 4-5 km from the Thai border. Bung Ampil was once used as a camp by Heng Samrin forces. It was seized by Khmer Serei forces on 25 September 1989. The headquarters is surrounded by

bunkers built by Vietnamese and Heng Samrin forces. These were strong bunkers made of rocks and concrete. Inside the bunkers, there are tunnels connecting the bunkers. There were about 100-200 soldiers based there. After Vietnam withdrew its forces from Cambodia, the Khmer Serei moved forces into the area and managed to seize Bung Ampil after 2 days of fighting. They captured hundreds of weapons, including artillery, heavy machine guns, and light machine guns. They also seized a large number of artillery shells and four Soviet-made EMC trucks.

Gen Dien Del, the deputy supreme commander of the Khmer Serei forces, welcomed us and said that we were to accompany the 1st Special Brigade led by Maj Gen Khun Ruan.

The Khmer Serei forces were going to coordinate the Svay Chek operation with Sihanouk forces. The operation called for a coordinated assault on four villages: Ponley, Dak Samon, Phria, and Svay Chek. About 2,700 soldiers were used. The soldiers traveled there by cart. In some places, it was necessary to walk, because some parts of the road were flooded. Gen Dien Del said that the troops would leave at approximately 1400 hours, which meant that we had to wait 6 hours at the headquarters. I spent that time observing the daily activities of the soldiers and taking pictures of various weapons that had been captured from Heng Samrin troops.

Most of the KPNLF troops looked very young. Many were about 24 years old. I chatted with one soldier named Phon, who was about 16-17 years old. I asked him when he had joined the military. His answer shocked me. He said: "I joined the military when I was 10. My parents, who lived in Battambang, were killed by the Khmer Rouge. I fled from Cambodia in 1975." [passage omitted]

Phon said that he normally uses an RPG and carries four RPG shells. But that day, there weren't any shells and so he had to use an AK rifle. He said this while loading bullets into the magazine. He then excused himself, saying that he had to go help others load weapons and artillery and 81-mm mortar shells aboard the carts. About 30 carts were being loaded in preparation for the assault on Svay Chek.

After taking the pictures and talking with Phon, I watched Maj Gen Khun Ruan distribute clothing, canteens, backpacks, and mess kits to his men. After receiving these items, the men quickly changed clothes and got ready for the 2-3 day trip to the battlefield. These liberation fighters had no way of knowing what the future had in store for them. They did not know if they would be killed, wounded, or taken prisoner. [passage omitted]

[4 Nov 89 p 7]

[Excerpts] The caravan of approximately 30 carts, which was being sent to support the advance force of 300 men, who were waiting ahead, left the supreme command

headquarters at 1400 hours under a burning sun. There wasn't any rain at all, and that relieved my fears somewhat. The road was filled with so many holes that it was impassable to all types of vehicles, even motorcycles. Only carts could make it through.

The terrain on both sides of the road was flat. There were many large persimmon trees growing there. A Thai millionaire who likes persimmons would have started drooling. My friend and I had to ride in a cart for safety. The Khmer Serei use this road as one of their main logistics routes and so there wasn't much danger of stepping on a land mine. But we had to put up with the bouncing of the cart.

The 100-150 Khmer Serei soldiers had to walk, which was more dangerous. Some of the soldiers walked behind the carts to provide protection from the rear. Others were responsible for conducting patrols in front and preventing Heng Samrin forces from staging an ambush. On many occasions, they had to leave the muddy road and wind their way through the trees. One wrong step and they could have stepped on a mine and been killed or wounded. Even though their lives were at great risk, they did not show any fear. [passage omitted]

After traveling for about 2 hours and 30 minutes, we reached Ban Kok Tamai, which was completely deserted. Maj Gen Khun Ruan said that we would stop here for the night. Immediately after reaching this village, everyone spread out and quickly carried out his duties. The cart drivers quickly unhitched the carts and took the cattle and buffaloes to graze. The Khmer Serei soldiers went and collected scraps of wood with which to cook their food. [passage omitted]

At 1800 hours, Cpt Phirom, the commander of the artillery company, asked my friend and I to come and have dinner. Our first meal with them consisted of canned fish provided by UNBRO and salted fish. This was indeed salted fish, because it was very salty and had a very strong smell. I made my meal a bit more tasty by having some canned beef stew that I have purchased in Bangkok [passage omitted]

[5 Nov 89 p 7]

[Excerpts] On the morning of 23 October, everyone got up around 0530 hours. The weather was cold but refreshing. We gathered our belongings in preparation for the trip to Ban Khok Phrik, which was about 5 hours away. The only bad news was that we would not be able to eat until we reached this village. [passage omitted]

When we reached Ban Khok Phrik, everyone relaxed and began preparing food, because everyone was very hungry. We were surrounded by children, who were very excited. The soldiers finally had to chase them home to keep them from bothering us and interfering with the work of the liberation forces.

It was here that I began hearing the sound of artillery fired by Heng Samrin soldiers. Most of the firing came

from Svay Chek, Dak Samon, and Phria. Maj Gen Khun Ruan was informed by radio that the enemy knew that KPNLF forces were going to attack Ban Ponley and that they had stationed 200-300 troops there to defend the village. The 200 Khmer Serei troops in the vanguard were waiting for orders to attack.

I admit that I was alarmed when I learned that those were vehicle-mounted B.M. 12 artillery guns that could fire 16 shells each time. The shells were hitting a position about 6-8 km away. The sound of the shells hitting the ground could be heard continuously.

Around noon, we ate our first meal of the day. We then rested awhile while the food digested, leaving the village around 1500 hours. At this point, the soldiers split into two groups. About 30 soldiers remained at Ban Khok Phrik with Maj Gen Khun Ruan. The rest, including my two friends and I, went forward. Before we left, a communications soldier gave me about 20 pieces of beef jerky and said that the road ahead was very difficult and that I should have some dried food with me. He refused the money that I offered him but took the pack of cigarettes that I gave him.

It took us about 2 hours to travel from Ban Khok Phrik to Ban Rang Sala La-oh. Lt Col Nop Bunyarut told me that we would spend the night at this village, which was about 6-7 km from the front at Ban Phria and about 4 km from Ban Ponley. The sound of the B.M. 12 guns made me nervous, and I kept wondering if the shells were going to hit our position. Luckily, none of the shells went astray and hit our position. But some of the shells did hit about .5 km away.

We stayed on a hill covered with wild flowers. Just 10 meters away was a canal about 3 meters wide. We used water from this canal for cooking and drinking. Lt Col Nop ordered his subordinates to dig a four-man foxhole near where we were sleeping.

Around 1900 hours, Lt Col Thong Prasat, the commander of the 801st Infantry Battalion, called the three of us over to explain things to us in advance. He told us what the targets were and where it would be safe for us to stay and observe the fighting without putting ourselves in danger. I asked permission to accompany the troops to the battlefield at Ban Ponley, but Lt Col Thong Prasat refused to allow that, saying that Gen Dien Del had ordered him to protect us. He said that "if you die, I will have to die first. You don't need to worry."

After he explained things to us, we went to eat. The food that evening was the same as our first meal. We also had grilled beef and fish and preserved fish under a star-lit sky. The atmosphere was different from other places because of the sound of the artillery of the Heng Samrin forces. The sound of the guns competed with the chirping of the crickets. But the Khmer Serei forces did not return the fire. [passage omitted]

I asked Lt Col Thong Prasat if he was afraid of being ambushed by Heng Samrin troops while resting here. As

if trying to reassure us, he said that the entire area that we had traveled was under the control of the KPNLF, which had positioned forces at various points. In particular, since September, Khmer Serei forces, in cooperation with Sihanouk forces, had seized control of the area all the way from the Thai border to Mo Phak. Thus, there was no reason to worry.

I went to sleep about 2200 hours and awoke suddenly when I heard Heng saying: "Get up, get up! We are leaving now." I looked at my watch and saw that it was only 0200 hours. [passage omitted]

[6 Nov 89 p 7]

[Excerpts] Photo caption: A Khmer Serei soldier asleep in the shade in a foxhole, with his RPG placed at the front of the foxhole, as if he wants to temporarily forget a world filled with killing.

The Khmer Serei national liberation fighters and the three of us left Sala La-oh by foot at 0215 hours. It was very dark and cold. When we reached the artillery position at approximately 0400 hours, Lt Col Bunyarut ordered his men and the three of us to dig foxholes along the Stung Svay Chek River. If you took a boat north from the artillery position, you would reach Svay Chek, a strategic town.

Lt Col Utsa Salavella told us that this was the safest position, because if an artillery shell hit the river, it would not explode. And if the Khmer Serei could not defeat the Phnom Penh forces, we could retreat and set up a defensive position at Sala La-oh. The liberation forces quickly dug their foxholes. My friends and I chose a spot near the river, because we did not want to have to worry about artillery shells, and we wanted to be near the foxhole of Lt Col Thong Prasat.

The attack on Ban Ponley began at 0500 hours. Lt Col Thong Prasat's radio crackled with the sound of orders being issued, and the Heng Samrin forces began firing B.M 12 artillery rounds from their base in Svay Chek. I could hear the sound of light and heavy machine guns and RPGs. [passage omitted]

The Heng Samrin forces were supported by both 130 mm and 120 mm guns. My guess is that they fired about 1,000 rounds. But their artillery was not very effective, because they had to alternate firing at different points. The Son Sann and Sihanouk forces had worked out a plan to launch a coordinated attack from all sides. The Sihanouk forces were to cut Bridge 8 along Highway 69 and attack Phria. At the same time, a commando unit subordinate to the 7th Infantry Division was to attack Dak Samon and harass Svay Chek. Each unit participating in the attack was composed of approximately 400 men. As a result of this plan, the support fire by the Heng Samrin forces was ineffective, because the Heng Samrin forces in each area had to defend themselves first.

At 0600 hours, I could hear Lt Col Thong Prasat talking on the radio to men at the front. KPNLF forces under

the command of Maj Gen Khun Ruan had attacked near Ban Ponley. They requested that those firing the 81-mm mortars and 107 rockets be more careful, because they were afraid that this fire support would hit their own positions.

As for the 200 Heng Samrin troops, some began to retreat and regroup at Phria. Others held their positions in the village, ready to fight to the death.

At 0830 hours, the fighting was still quite heavy. Lt Col Thong Prasat gave strict orders that his men were not to fire RPGs into Ban Ponley, because that would cause civilian casualties. He also ordered that after the village was captured, all the men in the village were to be rounded up and driven out of the village. This was because KPNLF communications personnel had intercepted a radio transmission by Heng Samrin forces detailing plans for an attack on the rear of the national liberation forces.

[7 Nov 89 p 7]

[Excerpt] According to the radio message intercepted by the Khmer Serei forces, the Heng Samrin forces were going to disguise themselves as villagers and hide their weapons in the village. After the KPNLF forces had taken control of the village, the Heng Samrin troops were going to attack from the rear. The Khmer Serei forces had learned this painful lesson once before when they attacked Svay Chek 2 years ago.

At 1200 hours, Lt Col Thong Prasat received a report from the forward troops stating that they had captured Ban Ponley and Don Noi. But we could still hear the sound of machine gun fire. The Khmer Serei stopped firing their recoilless rifles and 107 rockets when they learned that the two villages had been captured.

Speaking about the 107 rockets, I am still amazed that my friends and I managed to keep from being killed by these terrible weapons. It happened as I was taking pictures of the the rockets being fired in support of the attack on Ban Ponley and Ban Don Noi. The sound of 107 rockets 1, 2, 3, and 4 split the air. It sounded as if the rockets had the power to tear every living thing to pieces. But when the soldier who was firing the rockets lit the two ends of the fuse to launch the fifth rocket, there was a "hissing" sound instead of the usual "sharp" sound. I saw the firing officer jump into a foxhole. The soldier who had fired the rocket and about 10 others ran toward where I was standing in order to take cover. My friends and I immediately dove for cover. About 15 seconds later, rocket No 5 flew into the air off course. After we heard the "thud," we all stood up. Lt Col Nop Bunyarut said jokingly: "There isn't any problem. There was just a minor technical difficulty. That's all." He made it sound as if that had been a minor matter even though that rocket could have exploded when the fuse was lit, or it could have hit our position.

Lt Col Nop Bunyarut decided to allow us to go take pictures of Ban Ponley right after it was captured by

Khmer Serei forces. But just as we started to leave the artillery position, we heard incoming artillery rounds hitting near Ban Ponley. That forced us to change our plan. It was not until 1400 hours that I, my friends, Lt Col Nop Bunyarut, and Lt Col Thong Prasat left for the village.

About 1 km from Ban Ponley, the 15 soldiers escorting us went on ahead to search the village. On the way, we met Cpt Phirom, the commander of the 81st Mortar Company, which had been providing fire support since morning. Cpt Phirom reported the situation to the two colonels and warned my friends and I to be careful of the artillery. [passage omitted]

[8 Nov 89 p 7]

[Excerpts] After the Khmer Serei troops seized Ban Ponley, they found only 20 families still living in the village. All of these families were in dire straits. Because they lived far from Phnom Penh, they had received very little aid money to develop the village during the period that the Heng Samrin faction controlled the area. Moreover, communications from Ponley to Phnom Penh are still very difficult. It can take up to 8 days to make the trip. To get to the capital, people have to walk to Sisophon Province, from where they can take a train to Battambang. From there, they can take a train to Phnom Penh, which takes about a day.

When we entered the village, the only people left there were elderly people, women, and children. The men had all been taken to Khok Phrik for interrogation. They were released the next day. The children were all very frightened and stayed in the bunkers, afraid to come out. The elderly stayed in their houses. They all seemed frightened and unsure about what the future held in store for their families. Moreover, they were not sure how long the Khmer Serei faction would control the village.

We stayed in Ban Ponley about 1 hour and then returned to the artillery base. We had to pass by the 81-mm mortar base again. I saw the carcass of the same buffalo. All that remained were the bones. The flesh and entrails had all been picked to pieces. A short time later, we

passed a woman who was about 35 years old. She was carrying a 7-year-old boy on her hip and was walking as fast as she could. Lt Col Nop said that she was taking her son to the hospital at Bung Ampil, which would take her about 12 hours to reach. Her son had received superficial head wounds. I hoped that her son would be all right and that his wounds would not become infected. [passage omitted]

That evening, the sound of Heng Samrin artillery subsided. We could hear the sound of an artillery shell only occasionally. The fierce hand-to-hand fighting had come to an end. Lt Col Nop told us that the next morning, his troops would attack Ban Phria. I did not think that that village would be as easy to capture as Ban Ponley. That was a larger village with a population of approximately 100 families, and the Heng Samrin forces had set up a strong defensive position. They had moved up about 1,000 troops to defend the village.

I went to bed early that evening, because I was very tired from the trip. I awoke suddenly about 0300 hours when I heard the sound of B.M. 12 artillery. Heng Samrin forces were firing from Svay Chek. Two hours later, KPNLF forces composed of the 1st Brigade under the command of Maj Gen Khun Ruan, the 1st, 5th, and 7th infantry divisions, the 806th Infantry Regiment, and troops loyal to Prince Sihanouk began to move. The sound of artillery and heavy and light machine guns was even more intense than the day before.

Many artillery shells fired by the Heng Samrin forces landed near our artillery position. We had to dig new foxholes, because water from the Strung Svay Chek River began to flow into our old foxhole. But our new foxhole did not make us feel any more secure. Everything was left to fate.

At 0800 hours, I heard the sound of at least two tanks as they rumbled out of Ban Phria. Lt Col Nop told us that the Khmer Serei forces had advanced to within 200 meters of the village. The Heng Samrin forces were doing their utmost to defend the village, because if the Khmer Serei forces succeeded in capturing this village, it would be relatively easy for them to attack Dak Samon and Svay Chek before advancing on to Sisophon Province.

Sudharmono Urges PPP To Focus on National Development

90OG0056B Jakarta MERDEKA in Indonesian
31 Oct 89 p 2

[Text] Jakarta, Friday [27 October], MERDEKA—Vice President Sudharmono hopes the Development Unity Party (PPP) will ensure solidarity within the party and will continue to work hard for national development.

"To accomplish that, you must implement Pancasila, the 1945 Constitution, and Law 3 of 1985," he declared on Friday on the occasion of a visit by directors of the PPP DPP [Central Executive Council] to South Freedom Palace, Jakarta.

The vice president said that the task of leading a political party is very difficult, because it must be done collectively and cooperatively. If done in that way, the work can be accomplished.

The government hopes the PPP and other sociopolitical forces will play a larger role in the implementation of national development. "A party's unity is its basic resource for conducting national development," he asserted.

He hoped the PPP will assist in development in the political sector. The vice president emphasized that political parties and mass organizations must conduct political education.

PPP DPP Chairman H. Ismail Hasan Metareum said the vice president had also explained that the status of political parties in REPELITA V [Fifth 5-Year Development Plan] is related to the Pancasila democracy system.

In this connection, Ismail continued, the vice president asked the PPP to lead its organization in implementing national development, particularly political development.

"Although the PPP has not had a work program, such a program must now be created. The program must be developed incrementally so that its implementation will be truly efficient," he stated.

No Difference of Opinion

In response to a question, Ismail said that there are no differences of opinion within the PPP. Any differences that may occur can be resolved through consultation and consensus when it holds a congress.

There is now true solidarity in the PPP, Ismail continued. Differences of opinion within the party are natural, but they have all been resolved.

"In maintaining solidarity, the PPP will always adhere to the 1945 Constitution and the constitution and by-laws of the PPP," said the general chairman of the PPP.

State Secretary: Development Policy To Continue

90OG0056A Jakarta KOMPAS in Indonesian
3 Nov 89 p 1

[Text] Jakarta, KOMPAS—Regardless of who becomes president and vice president, Indonesia's national development policy will be a continuation, expansion, and revitalization of policies followed up to now.

Minister/Secretary of State Mardiono said this on Thursday [2 November] in his introduction to a dialogue during the "International Business Forum" in Jakarta. "There will be no surprises of personal policy to hinder national development," he said. The dialogue was on the subject "Economic Deregulation and Political Stability in Anticipation of the 1992 Elections and the 1993 MPR [People's Consultative Assembly] General Assembly."

Mardiono said this regarding continuation of current government policies into the future. He emphasized that national policies in general and development policies in particular are incorporated into the GBHN [Broad Outline of State Policy] by the MPR, which represents the Indonesian people and safeguards the people's sovereignty. The president is elected to implement the GBHN.

At its inception in 1973, the GBHN, which has been a spur to national development, set plans covering the next 25 years, dividing them into 5-year periods. The preparation of the GBHN involves all levels of society, including sociopolitical organizations, mass organizations, institutions of higher education, and prominent figures in the community.

"Although the president himself always has been a determining factor in government policies, the institution of the presidency is bound by national policies outlined by the MPR, the highest institution of the state. The MPR itself has decided that there will be continuity of development policy," Mardiono noted.

Political Self-Sufficiency

In his introduction, which was entitled "Unbroken Continuity, Improvement, Revitalization, and Renewal," Mardiono expressed his opinion that economic deregulation requires a political counterpart. He did not use the term "political deregulation," but referred to the "self-sufficiency" of political organizations instead.

According to Mardiono, the government has used a number of occasions to encourage self-sufficiency on the part of the political organizations. "There are indications that such self-sufficiency has begun," he asserted.

The state secretary said that all components of the national system must be strong, whether the government or the community. The Constitution calls for a strong government, but the government also has an interest in a strong community. This is what we call "self-sufficiency," which is an objective of the GBHN as well. "The problem then is the dynamic process of implementation," he said without further explanation.

Big Economic Problem

Murdiono believes that a big economic problem with possible serious political impact is the creation of jobs. For that reason, development measures that create many jobs are receiving higher government priority than policies that only seek efficiency, such as through automation.

The government is encouraging small and middle-sized industries and the informal sector, which have great capabilities for creating jobs. The government also is opening new transmigration areas on islands with small populations and is building new economic infrastructures so that available workers can get productive jobs.

"In the long term, the employment problem can be resolved only by expansion of the national economy, which in turn is affected by both domestic and foreign investment," the state secretary said.

Difference in Quickness of Reaction

At another point in his presentation, Murdiono evaluated deregulation and debureaucratization policies begun in 1983 as successful in maintaining development momentum and in laying down a clearer pattern for division of effort between the government and the community in the implementation of national development. "There are dynamics at work in the community itself toward taking advantage of the opportunities," he declared.

Groups that were ready have taken action while others are still preparing themselves. The deregulated sectors are primarily banking, sea communications, trade, finance, and industry.

Because of their organizational structures, Murdiono said, private enterprises have been quicker and more flexible than BUMN's [state-owned business enterprises] and cooperatives to use the opportunities created by the deregulation climate.

"From a macroeconomic point of view, this is an overall benefit to the country, but it is clear that the difference in quickness of reaction can cause political problems, since, ideologically, economic emphasis is put on cooperatives. This problem needs a fundamental resolution," the state secretary stressed.

According to Murdiono, this fundamental resolution has already been discovered, however. First, the national economic forces that have awakened and have demonstrated their benefit to the country will not be stopped while other national economic forces are readying themselves. The momentum of development must be maintained, for if it stops it will be difficult to start again.

Second, the momentum itself is used to stimulate other economic forces. The three national economic forces—private business, cooperatives, and BUMN's—are not viewed as mutually competitive efforts but as functional and, we hope, mutually supportive components of one

national economic system. This situation is reflected in the structure of the Indonesian Chamber of Commerce and Industry (KADIN).

Consistent with this viewpoint, successful private businesses are urged to "go public" so that cooperatives can take part in stock ownership. These should include employee cooperatives, which are expected to receive stock through company dividends.

Third, cooperatives are not the only ideologically desirable form of economic force. There is a place for all three economic forces, whose roles can grow dynamically in proportion to opportunities and their readiness. "The important thing is that all of them must work for the greatest possible public prosperity, as expressed in the Constitution," Murdiono declared.

Colossal Task

Speaking about the development of economic law, the state secretary acknowledged that Indonesia is relatively behind other countries. He noted, however, that Indonesia has to pioneer everything from the beginning, since there are no precedents from the past. Similarly, there are so far only a few experts in drafting law, particularly economic law. A reason for this is the lack of interest in the theory of law on the part of the legal faculties of universities. Consequently, increasing numbers of people are being sent abroad to study.

"Therefore, during this time of dynamic and rapid growth, the task of developing national law out of the mixture of national and colonial law still in effect is a colossal task," Murdiono said.

Navy Announces Plans for Marine Research, Development

90OG0066A Jakarta ANGKATAN BERSENJATA in Indonesian 31 Oct 89 p 7

[Text] Jakarta, ANGKATAN BERSENJATA—On Tuesday of last week [24 October], the Body for the Study and Application of Technology (BPPT) and the Indonesian Navy (TNI-AL) further strengthened and expanded their cooperation in marine research, development, and exploitation for the benefit of national development.

The cooperation agreement, signed by Minister of Research/BPPT Chairman B.J. Habibie and KASAL [Chief of Naval Staff] Vice Admiral Muhammad Arifin, includes the operation of Baruna Jaya oceanographic survey ships managed by the BPPT. It was agreed that the BPPT as owner of the ships is responsible for their management, while the TNI-AL, in this case the Hydro-Oceanography Service, is responsible for operating them.

The signing of the agreement was accompanied by inauguration of the oceanographic survey ship Baruna Jaya I, the first of three identical ships ordered from France to

arrive in Indonesia. The ship arrived on 15 September 1989, and the other two are expected in the middle of November.

The ship is 60.4 meters long and 11.6 meters wide and has a gross weight of 700 tons (355 tons net weight). With a cruising speed of 12 knots, the ship has a range of 7,500 nautical miles. As a hydro-oceanographic ship, the Baruna Jaya I is equipped with position fixing equipment, which is useful for mapping and for studying points in the ocean. It has other equipment for various purposes related to gathering accurate marine survey data.

12 Baruna Jaya Ships

B.J. Habibie said the cooperation agreement covers the 12 ships of the Baruna Jaya Fleet. In connection with this, a UPT (Technical Implementation Unit) for the Baruna Jaya Fleet is to be established in the BPPT.

The minister said the operation of the ships is entrusted to the TNI-AL primarily in order to employ former TNI-AL personnel who, in compliance with regulations, were pensioned at the age of 48. Their expertise can still be used, and theoretically they will be strong enough for service until age 60.

That was the reason for entrusting general Baruna Jaya operations to the TNI-AL, he said. It is up to TNI-AL leaders to determine which former TNI-AL members will be appointed. Although retired, the former TNI-AL personnel can be active members of the BPPT, particularly of the Baruna Jaya UPT.

Marine Potential

KASAL Vice Adm Muhammad Arifin said in his remarks that the signing of the agreement is very important, because it represents a joint scientific research effort for determining the true potential wealth and capability of our seas in order that we may utilize this potential in our current national development.

Quoting the president's message given at the inauguration of the National Research Council on 7 July 1988, the KASAL said, "The development and mastery of science and technology in Indonesia must have clear direction and be handled comprehensively in coordination with the phases of national development." Consistent with that statement, the KASAL said he is confident that, managed appropriately, marine potential will contribute more meaningfully to our prosperity during the second long-term development phase.

The inauguration of the ship, which was marked by the serving of ceremonial rice, was attended by officials from the Department of Research and Technology, key officials from TNI-AL Headquarters, the French ambassador to Jakarta, the commander and staff of the Baruna Jaya I, and other invited guests.

A tour of the ship was conducted earlier. The ship is commanded by Lieutenant Commander Handoko and

manned by a crew of 25, made up of 7 officers, 11 noncommissioned officers, and 8 seamen.

Growth of Iswahyudi Air Base Described

90OG0066B Jakarta TEKNOLOGI & STRATEGI MILITER in Indonesian Nov 89 pp 100-102

[Text] Iswahyudi Air Base, located about 20 kilometers from the city of Madiun, traditionally has been an important base for the TNI-AU [Indonesian Air Force] since 1961. It can be said that all the best fighter planes owned by the TNI-AU are always based at Iswahyudi.

As is the case with all air fields and air bases in Indonesia (except for Juanda, which was designed for the TNI-AL [Indonesian Navy] Air Service, and Sukarno Hatta Airport, designed for commercial use), Iswahyudi Air Base was built during the colonial era. After independence, it became Maospati PAU (Air Force Base), named after the village where the base is located.

It functioned merely as a regular air force base, since AURI [Indonesian Air Force] strength initially was centered at PAU Tjililitan (Jakarta) and Andir at Bandung. Madiun did not have much of a role with B-25 Mitchell and B-26 Marauder bombers and fighters, and many of those aircraft were based at Bugis PAU, Malang. In fact the first de Havilland Vampire from Britain was placed at Husein Sastranegara PAU at Bandung.

The air base near Madiun did not get special attention until after the TRIKORA [Three-Fold Command of the People] command to liberate West Irian. About a year before that, on 10 November 1960, the name of the air base was changed from Maospati to Iswahyudi PAU. It was named after Air Commodore Iswahyudi, who had been commander of the base and died in action in 1947.

AURI leaders then had to select locations for a number of new warplanes. Several types of fighters owned at that time (MiG-15UTI, MiG-17, and MiG-19) were placed at Kemayoran and Halim Perdanakusumah airfields. The Tu-16 strategic bombers that were to arrive could not be put at Kemayoran, however, because of their large size and problems of military secrecy. Secrecy could not be assured at Kemayoran because the airport was used by civilian aircraft.

Finally, after deliberation, Iswahyudi PAU was chosen as the base for the newest AURI bombers. It is located almost in the center of the Island of Java, far from open seas. Most important, it was not on a busy air route, like the Jakarta-Surabaya route.

The rehabilitation of the runway and support buildings, the repair of existing hangars, and preparations for the arrival of the new warplanes were accomplished with exceptional speed. Thus, when Minister/KSAU [Chief of Air Force Staff] General S. Suryadarma on 17 November

1961 on the Iswahyudi PAU apron inaugurated Operational Wing 003, with long-range Tu-16 bombers as its nucleus, the base had become capable of servicing modern aircraft.

AURI was at that time the only air force in the southern hemisphere with long-range bombers. In fact, the Tu-16 was capable of carrying middle-sized nuclear bombs over rather long distances with enough fuel to return to base.

The upgrading of Iswahyudi continued through the beginning of 1962, almost simultaneous with the incremental arrival of the bombers.

A number of Tu-16's were brought in under very rapid procurement for the liberation of West Irian. In a short time, AURI created two squadrons: Squadron 41, consisting of Tu-16's; and Squadron 42, made up of Tu-16KS's (armed with air-to-ground guided missiles). All of these aircraft were placed at Iswahyudi. Under plans for Operation Jayawijaya, on "H-day" the bombers were to fly directly on a bombing mission against Kota Biak in West Irian.

Operation Jayawijaya was canceled, however, following the New York agreement on the peaceful return of West Irian. One Tu-16KS flew to West Irian on 1 October 1962, however. The bomber was not on a bombing mission, as had been planned, but made a flyby after the red, white, and blue flag had been pulled down and the Red-and-White raised.

Iswahyudi did not become quiet, however, after cancellation of the West Irian operation. Seeing the effectiveness of Iswahyudi, AURI leaders then put all of the newest warplanes there under Operational Wing 003. Included in that wing were Tu-16 and Tu-16KS bombers, Il-28 light bombers, and MiG-19 and MiG-21 attack planes. Iswahyudi was the only air base equipped to service, maintain, and repair the most modern warplanes.

From 1963 to 1966, Iswahyudi was the main base in the confrontation with Malaysia. The leaders of KOGAM/KOTI [Crush-Malaysia Command/Supreme Operations Command] inspected the readiness of the base in 1964 and saw that Iswahyudi was able to provide maximal service. Maintenance crews and equipment were able to guarantee the flight readiness of warplanes.

The years from 1966 to 1972 were a dark period for the base, because the country had no money for maintaining warplanes. The main AURI (now TNI-AU) planes were Soviet-made. Following the G-30-S/PKI [30 September Movement/Indonesian Communist Party] uprising, the Soviet Union unilaterally stopped shipment of spare parts for the planes.

As an emergency measure to keep the planes flying, AURI technicians began a "cannibalization" process, taking parts from one plane for installation in another to keep it flowing. Such a process naturally did not guarantee flight safety. The cannibalization process could not

go on indefinitely, for the aircraft being dismantled would ultimately become merely frames. Initially, the planes unable to fly were the sensitive MiG-19's and MiG-21's, which could not be used carelessly.

Consequently, by 1970 the TNI-AU was able to fly only the MiG-15UTI's and MiG-17's. After a MiG-17 accident at Pekanbaru, however, all MiG attack fighters were grounded.

The Iswahyudi base became quiet for some time. Then, it became busy again in 1973 with the arrival of new F-86 Sabre attack fighters from Australia. Although they were not brand new, they were important for maintaining the flight capabilities of TNI-AU pilots, who had been practically "unemployed" for several years. These aircraft joined Squadron 14, which previously owned MiG-21's capable of flying at twice the speed of sound.

Iswahyudi was the base most prepared to accept the planes, although Kemayoran was still the home base of Squadrons 12 and 11, which consisted of some MiG-15UTI's located at Abdulrachman Saleh Air Base, Malang. Maintenance facilities for 600-hour overhauls of F-86's were located at Malang.

Because the government's finances were steadily improving, ABRI leaders planned in 1980 to bring in new aircraft for the TNI-AU. The first step was the purchase of used A-4 Skyhawks that had been reconditioned. Without delay, two squadrons (about 32 planes) of the aircraft were bought through the U.S. Government in order to give meaning to Indonesia's air power. The planes were placed at Iswahyudi Air Base under Squadrons 11 and 12, which had been "deserted" by Soviet-made MiG's.

The important step that brought Iswahyudi into the entirely new era of weapons systems technology was taken in 1980 when the TNI-AU prepared to accept Northrop F-5E Tiger II's. Unlike the A-4 generation of the 1960's, the F-5E Tiger II was an entirely new type of plane with a sensitive maintenance procedure.

Several months earlier, TNI-AU leaders had launched a campaign called KOBA (Damage by Foreign Objects), which was intended to instill discipline regarding cleanliness. Any bit of refuse, such as a pebble, can cause possibly fatal damage to an F-5E, because the refuse can be sucked into the low-slung engines.

The Iswahyudi Air Base was upgraded in preparation for the arrival of the new planes by the lengthening and repairing of runways, which further increased the base's capability. Equipment for thoroughly cleaning runways was brought in. When the F-5E's arrived unassembled in April 1980, the air base simultaneously accommodated three combat squadrons: Squadrons 11 and 12, mentioned above; plus a new configuration of Squadron 14, consisting of F-5E's to replace the F-86 Sabres, which had been retired.

Then, in 1986, HS Hawk fighter-trainers made by British Aerospace were given a new unit, namely Squadron 15, which had been frozen for 20 years. Squadron 15's base is also at Iswahyudi, although some of the planes are located at Panasan Air Base, Surakarta.

Iswahyudi personnel are now in the final preparation phase for the acceptance of F-16 Fighting Falcons, the most modern of aircraft. Because of their previous experience in preparing for the F-5E's, they no longer feel uneasiness over receiving new weapons systems. Maintenance crews are almost finished with training, and the various facilities, like shelters for the complex aircraft, have been completed.

Another step to be taken is the transfer of Squadrons 11 and 12 to other bases, leaving Iswahyudi Air Base to accommodate only squadrons of F-16's, F-5's, and HS Hawks. This has been a history and a tradition for almost 30 years.

ABRI's Dual Function, Future Challenges

90OG0058A Jakarta TEKNOLOGI & STRATEGI MILITER in Indonesian Oct 89 pp 38-43, 100-102

[Excerpts] [Passage omitted] What we have said does not mean that in a political context we must assign the broadest definition to the dual function of ABRI and its prospects under national defense and security development. Such a definition would imply ABRI efforts to give direction to the life of the community, the nation, and the state in accordance with the aspirations of our national struggle. We have reached a national consensus, however, that we will give direction to the life of the community, the nation, and the state through establishing a foundational framework in REPELITA V [Fifth 5-Year Development Plan], so that the takeoff phase can begin in REPELITA VI [Sixth 5-Year Development Plan] and continue throughout the second 25-year long-term development period.

This means that we must place the dual function of ABRI and its prospects under national defense and security development as a stabilization of the REPELITA V foundational framework, and we must consider national development to be an implementation of Pancasila as we move toward the takeoff stage during the second 25-year long-term development period that is to begin with REPELITA VI.

Consistent with the ideals of our national struggle, national development is an implementation of Pancasila as we move toward the takeoff stage during the second 25-year long-term development period, in which there will be a just, progressive, prosperous, and lasting society. On the one hand, such a society will not be less progressive than other advanced societies, but on the other hand it will continue to reflect our national character and aspirations, as articulated in Pancasila and the 1945 Constitution.

A progressive, just, prosperous, and lasting Pancasila society is naturally a democratic society, for the fourth principle of Pancasila is populism, or, in other words, democracy. This means the ABRI's dual function will be a factor contributing to the development of such a society.

We know that many people think that the goal of ABRI's dual function, namely participation in building a progressive and democratic Pancasila society, is a "mission impossible." We are determined to prove that we can make "possible" what many people consider to be a "mission impossible."

We are putting the theme "ABRI's Dual Function and Its Prospects Under National Defense and Security Development" into the context of "Continuity of Development." The continuity factor is very important in the lives of nations. It is never achieved by one generation but by a number of generations in succession.

A nation unable to create continuity of development for several successive generations will fall behind other nations that are able to maintain such development continuity from generation to generation. This is clear when we compare Latin America with North America.

We note the importance of political systems. Countries that can maintain development continuity from generation to generation are countries capable of developing political systems that relate ability in maintaining continuity to an ability to make continuous improvements, corrections, and renewals as the countries face new and constantly emerging challenges.

We see that there will be continuity, expansion, correction, and renewal during the second 25-year long-term development period (REPELITA V, VI, VII, VIII, IX, and X). We have observed, however, that continuity, expansion, correction, and renewal have existed throughout our nation's struggle, beginning with the Independence Proclamation and the birth of Pancasila and the 1945 Constitution and continuing through the war of independence, the revolution, and our era of development.

In fact, we saw continuity, expansion, correction, and renewal from the time of the National Awakening of 1908 to the time of the Independence Proclamation and the birth of Pancasila and the 1945 Constitution. This was expressed in the second sentence of the Preamble to the 1945 Constitution: "The Indonesian struggle for independence has reached the happy moment in which it safely brings the Indonesian people to the threshold of an Indonesian state that is free, unified, sovereign, just, and prosperous."

Prior to the National Awakening of 1908, we were always defeated by the Netherlands, because we opposed them locally and in "premodern" ways. On the other hand, the Netherlands fought with relatively modern methods by practicing a strategy that encompassed the

entire Netherlands Indies. After 1908, we gradually opposed the Netherlands in increasingly national and modern ways.

That was the reason we were successful in defeating the Netherlands in the War of Independence, in which we combined modern military and diplomatic strategy to bring an end to Netherlands sovereignty over Indonesia. In earlier struggles, we were always defeated.

Our modern history began with the National Awakening of 1908. Since then we have been on a "long march," first to become a free country and then to reach "promotion" from the status of developing country to that of advanced country. [passage omitted]

The New Order As a Development Order

In order to apply Pancasila and the 1945 Constitution with purity and consistency and to protect national stability as a prerequisite for development, the New Order cannot restore a multiparty or parliamentary democracy system. The New Order has renewed the political structure, in which GOLKAR, the two political parties, and ABRI with its dual function play central roles.

The dual function of ABRI can be seen as the resolution of a dilemma. On the one hand, ABRI (TNI [Indonesian National Army]) is determined not to reproduce Latin American developments in the form of coups d'etat and military governments. On the other hand, the role of ABRI in protecting dynamic national stability and in preventing the reemergence of threats from the extreme right and extreme left cannot be avoided. The dual function of ABRI, which is actually a "military role without military rule," is the response to the dilemma.

By the renewal of the political structure and an economic development policy of openness to cooperation with international economic forces while conducting domestic economic renewal, the New Order has completed four 5-year development plans. Each year, the DPR [Parliament] approves an APBN [national budget], and every 5 years the MPR [People's Consultative Assembly] establishes the GBHN [Broad Outline of State Policy]. "Ekaprasetya Pancakarsa" [Suharto's interpretation of Pancasila] has been enunciated, and Pancasila has been established as the sole principle of the life of the community, nation, and state. Through steadily seeking social justice by means of equal distribution, there has been general improvement in the public standard of living.

Under these conditions, we are faced with a question: What is the future direction of our national struggle, and what is the task and role of ABRI's dual function and of national defense and security? [passage omitted]

Future Challenges in the National Sector

In 1988, we held the General Assembly of the MPR and established the 1988 GBHN. In 1989, we entered

REPELITA V, which will stabilize the foundational framework for national development as an implementation of Pancasila as we move toward the takeoff. During REPELITA V, we will complete the first 25-year long-term development period and will also bring to termination the duties of the '45 Generation as we prepare for the post-'45 Generation era. The '45 Generation will complete its historic tasks by bringing the Indonesian people to the threshold of takeoff.

In REPELITA VI, we will enter the takeoff process and begin the second 25-year long-term development period, which will consist of national development as an implementation of Pancasila as we move toward takeoff. In REPELITA VI, we enter the post-'45 Generation era.

Therefore, in 1989 and thereafter we will be completing our national tasks in one era and preparing for a new era, while at the same time participating in global endeavors to develop and practice new philosophies on war and peace, national and international justice, and protection of authorship rights. In other words, the '45 Generation will complete its historic duties and prepare for the post-'45 Generation era.

Our national agenda for 1989 basically was initiation of the 1st year of REPELITA V, in which we are endeavoring to stabilize the foundational framework for national development as an implementation of Pancasila as we move toward takeoff, while at the same time participating in mankind's efforts to build a better future together by adhering to justice, peace, and protection of authorship rights.

Consistent with that agenda, we will begin to consider what will be incorporated in the 1993 GBHN as an aspect of our effort to ensure that the 1993 SU-MPR will be conducted in the best possible way. The 1993 GBHN will include the main topics for the second 25-year development period, a period of national development as an implementation of Pancasila as we move toward takeoff.

This means that in 1989, as the 1st year of REPELITA V, we must have the answers to three questions. First, what do we mean by national development as "an implementation of Pancasila?" Second, what do we mean by "stabilization of the foundational framework?" Third, what do we mean by "takeoff?"

What do we mean by national development as "an implementation of Pancasila?" Pancasila was born in 1945 in response to the historic challenge as to whether we were able to reach a national consensus of the foundation of the state. With Pancasila, we responded to that challenge and to further challenges during the war of independence and the revolution and during the first phase of our national development.

Through creative and innovative implementation of Pancasila, we will make appropriate responses to the new challenges we will face in the subsequent phases of development as we move toward takeoff.

Thus, we will build a development model that relates national stability to religious, moral, ethical, and spiritual dimensions (the first principle of Pancasila), to dimensions of human dignity, rights, and responsibility (second principle), to the dimension of nation-building in all sectors (third principle), to the dimension of democracy and ABRI's dual function in support of democracy (fourth principle), and to the dimension of social justice (fifth principle). We may add the dimension of protection of authorship rights, as well.

What do we mean by "stabilization of the foundational framework?" Following the earthquake in Armenia, the Jakarta government declared that all multistory buildings in Jakarta have been built to withstand earthquakes. In other words, the buildings have strong foundations.

"Stabilization of the foundational framework of development" means an effort to ensure that our people possess a stable theoretical and institutional framework for development so that they will be able to remain erect in the midst of political, social, and economic "earthquakes." This stabilization is also for enabling them to give direction to the aspirations and forces that constantly emerge in the political, social, economic, cultural, religious, legal, and defense and security sectors.

What do we mean by "takeoff?" Our society will steadily shed the characteristics of a developing country and increasingly take on the attributes of an advanced country, so that at some moment our people will be considered to have been "promoted" from developing country, or "goat class," to advanced country. We know that President Suharto has referred to "takeoff" as the "second momentum" of the National Awakening.

With Pancasila as a basis, our main task in 1989 has been to develop creative and innovative thinking and to put that thinking into operation for the stabilization of a theoretical and institutional foundation in the political, social, economic, cultural, religious, legal, and defense and security sectors.

We will continue these efforts in the years to come, and all of our thinking and work will be crystallized in the 1993 GBHN as an outline for the second 25-year development period. The implementation of the 1993 GBHN will be entrusted to the president and vice president who will be elected by the 1993 SU-MPR.

We are guided by Pancasila in our participation in the global efforts of mankind to build a better future together on the basis of justice, peace, and protection of authorship rights. Our conviction is that in order to build a better future for mankind we must always give attention to (1) religious, moral, ethical, and spiritual dimensions, (2) dimensions of human dignity, rights, and responsibility, (3) dimensions of national and international solidarity, (4) the dimension of democracy, and (5) the dimension of social justice. We may also add the dimension of protection of authorship rights.

These dimensions are found in Pancasila, and there is also the dimension of protection of authorship rights. Pancasila is not opposed to this, for it is consistent with human aspirations for the building of a better future together on the basis of justice, peace, and protection of authorship rights. This can be done through upholding a world order founded on freedom, lasting peace, and social justice, as articulated in the Preamble to our 1945 Constitution. Therefore, our concept of an independent and active foreign policy, which we began to develop during our war for independence, will be renewed and expanded.

ABRI's Dual Function and the Future

What is our understanding of the task and role of ABRI and its dual function in our future national development? On the one hand, our future national struggle will consist of stabilizing the foundational framework of national development in REPELITA V as an implementation of Pancasila as we move toward takeoff. The takeoff process will begin in REPELITA VI in the building of a progressive, just, prosperous, lasting, and democratic Pancasila society. On the other hand, our national struggle will consist of participation in mankind's task to establish a just, peaceful, and lasting world order as we approach the end of the 20th century and enter the 21st century.

First, in the framework of national development as we move toward takeoff in the building of a progressive and democratic society, we compare the experiences of other countries with regard to the role of the military. We see that the military role in Latin American countries for almost 200 years has not created progressive and democratic nations.

The case of Pakistan shows that none of the military governments have brought progress toward development of a progressive and democratic country. The case of Burma since the 1962 military coup d'etat demonstrates a military role that has failed totally in building a progressive and democratic country.

In fact, Burma has experienced reverses in all sectors for 27 years. On the other hand, we observe a successful military role in South Korea since the military coup d'etat of 1961. In 28 years, South Korea has achieved takeoff and has become an advanced, industrial country, but its democratization process still faces difficult problems.

With regard to developments in Indonesia, Karl Jackson, an American scholar specializing in Indonesian studies, predicts that Indonesia will become increasingly bureaucratic and militaristic.

We can say that in the past the dual function of ABRI, which has reflected the true nature of ABRI as fighters and soldiers, has been quite successful in the provision of stability and dynamics to national development, while ABRI has avoided the reemergence of threats from the extreme right and left. In fact, ABRI has taken part in

establishing Pancasila as the sole principle of the life of the community, the nation, and the state and has also participated in making the people Pancasila-minded through P-4 [Guidelines for the Implementation of Pancasila] seminars.

In projecting the task and role of ABRI's dual function in the framework of our future national struggle, he have three options:

- Eliminate the dual function of ABRI.
- Continue the dual function of ABRI without changes or revamping.
- Continue the dual function of ABRI but with necessary changes and revamping in order that ABRI's dual function will not bring militarism, authoritarianism, or totalitarianism but will encourage national development as an implementation of Pancasila as we move toward takeoff. This would include participation in the development of a Pancasila democracy political system as an effort to build a progressive, just, prosperous, lasting and democratic Pancasila society.

The third option is clearly our choice. The problem we face is how to put those good words into operation without making them words that are merely repeated in speeches and messages. The words must be implemented in reality so that their impact can be felt by our society, nation, and state in the years to come.

Therefore, we face a question: How can we further develop and renew the previously formulated theories and practice of ABRI's dual function so that the dual function will not bring about militarism, authoritarianism, or totalitarianism but will encourage national development as an implementation of Pancasila as we move toward takeoff? This should include participation in the development of a Pancasila democracy political system as an effort to build a progressive, just, prosperous, lasting and democratic Pancasila society.

Related to this, there are people who propose that a third function should be added to ABRI's functions of providing stabilization and dynamics, namely the function of implementing Pancasila and, especially, democracy.

Some also propose adding the function of "catalyst" as an emphasis that ABRI with its dual function does not handle everything with its own strength in the planning and conduct of national development that implements all the principles of Pancasila as a harmonious unit. As a "catalyst," ABRI will encourage and stimulate thinking, action, and responsibility among the people and will take creative and innovative initiative in the conduct of national development. ABRI will observe everything carefully and, where necessary, make thoughtful, wise, and early corrections when there are indications of thoughts or acts contrary to national development as an implementation of Pancasila as we move toward takeoff.

Our nation has covered a great distance in its "long march" since the 1908 National Awakening. Since the

Independence Proclamation in 1945, ABRI has been present on the "long march," first in the war and revolution (1945-1969), then in the initial phase of national development represented by the first 25-year long-term development period (1969-1994) when ABRI as fighters and soldiers fulfilled the dual function of providing stabilization and dynamics.

We are now in the last part of the first 25-year long-term development period. We have entered REPELITA V, in which our national task is the stabilization of the foundational framework as we move toward takeoff.

Many people doubt whether the role of the military can be positive and creative during the next part of our "long march" to build a progressive, just, prosperous, lasting, and democratic Pancasila society. By continuing, expanding, and, where necessary, revamping the theory and practice of ABRI's dual function, we will put such doubts to rest.

Therefore, we will keep on developing creative and innovative thinking about the theory and practice of ABRI's dual function and its prospects for national defense and security, particularly with regard to stabilizing a framework for the takeoff that is to begin in REPELITA VI.

We will put into the 1993 GBHN the substance of our thinking on the dual function of ABRI in the context of national development as an implementation of Pancasila as we move toward takeoff during the second 25-year long-term development period.

PPP Encourages Intellectuals To Join

90OG0060C Jakarta KOMPAS in Indonesian
21 Oct 89 p 6

[Text] Jakarta, KOMPAS—The Development Unity Party (PPP) hopes that experts and intellectuals will join the organization of this sociopolitical force. Their presence is needed for putting together PPP thoughts and concepts for the development of the nation and the state.

The general chairman of the PPP DPP [Central Executive Committee], H. Ismail Hasan Metareum, SH [Master of Laws], expressed this hope at the inauguration of the PPP DPC [Branch Executive Committee] office and the Al Muhajirin Mosque at Sukabumi (West Java) on Wednesday [18 October]. His visit to Sukabumi was his first since becoming general chairman of the PPP DPP at the Second Congress last August.

Ismail Hasan Metareum told PPP cadres that the composition of the Central Advisory Council (MPP) and departments of the PPP DPP now reflect the desire to unify Islamic scholars, intellectuals, and young people. He hoped, therefore, that experts and intellectuals will join the PPP.

He said the roles of intellectuals and experts are very important, particularly in preparing for the takeoff era. There is an awareness of the need for party strength and

tenacity and for building unity and integrity. Therefore, he hoped the PPP will be able to submit a number of positive alternative ways for creating a just and prosperous society.

Ismail declared that his party's program continues to be oriented to spiritual and material development in compliance with Pancasila and the 1945 Constitution.

In addition, he emphasized the importance of continued national stability, which will enable development to move smoothly and religious duties to be conducted with devotion.

Wahono Interviewed on Future of GOLKAR

90OG0069B Jakarta EDITOR in Indonesian
28 Oct 89 p 21

[Text] GOLKAR faces important moments under the leadership of Wahono. Besides the 1992 general elections and the 1993 General Assembly of the MPR [People's Consultative Assembly], there is also the present moment of transition for GOLKAR, in which it must decide on steps to take in these changing times. For example, there is the challenge of doing better in channeling political aspirations. How will Wahono face all of this? During breaks from tennis at Hilton Hotel courts last Saturday morning [21 October], the GOLKAR chairman, who was accompanied by GOLKAR Secretary-General Rachmat Witoelar, responded to some questions put to him by EDITOR reporter A. Luqman. Here are excerpts:

[EDITOR] You feel that the bureaucracy should be more neutral. Would that not hurt GOLKAR?

[Wahono] The bureaucracy has always been neutral, hasn't it? If we say the bureaucracy is too dominant, that would apply to 1966, when the New Order began. The bureaucracy should be more neutral? Our cadres are in the legislative and executive branches. They also devote themselves to GOLKAR. As long as they do not violate the law, this is a natural situation.

[EDITOR] What if the bureaucracy is viewed as a "floating mass," with some members supporting GOLKAR and others supporting the political parties?

[Wahono] They are free. As Rudini said, "freedom" means that government employees are free as to how they channel their political aspirations. Who knows what's in their hearts?

[EDITOR] Do you agree that, for example, members of KORPRI [Indonesian Civil Service] should not do their balloting in their offices?

[Wahono] From the aspect of rights, it's all the same. Whether balloting is in the offices or not is merely a technical aspect of implementation.

[EDITOR] If balloting is not held in the offices in the next elections, for example, will the GOLKAR vote be less?

[Wahono] I don't think so. As I have said repeatedly, our current system is quite relevant to needs, situations, and conditions. Again, the matter of balloting is a technical issue.

[EDITOR] How do you view GOLKAR-ABRI relations?

[Wahono] Good. We were one at the beginning, and we are still that way.

[EDITOR] What is your opinion of the idea that ABRI need not participate in GOLKAR's political maneuvering but should only function strategically?

[Wahono] But not just ABRI. GOLKAR thinks about strategic matters, too. Politics are practiced with strategic objectives. Thus, we think about the present as well as the future.

[EDITOR] Meaning that ABRI would act like traffic police?

[Wahono] Yes, ABRI functions that way during elections.

[EDITOR] What about everyday politics?

[Wahono] We have all agreed, haven't we, that ABRI has two functions? ABRI is both a defense and security force and a sociopolitical force. If not, ABRI would be a dead apparatus. I think this has become a consensus.

[EDITOR] Some people say ABRI's role is like a pendulum. It can support GOLKAR, but it can also support other sociopolitical organizations.

[Wahono] Yes, ABRI functions as provider of dynamics and stability.

[EDITOR] In your opinion, could there be a time when ABRI supports a political party?

[Wahono] Yes, ask those involved. Ha, ha.

[EDITOR] Many people reportedly are predicting that GOLKAR's vote will decline in the 1992 elections.

[Wahono] That's fortunate, in fact. If many people underestimate the meaning of something, that's fortunate. Underestimation is no problem. I have said that we will win because of quality. There's no need to be bombastic.

[EDITOR] Is money a problem now for the GOLKAR leadership?

[Wahono] No. There is a Dutch proverb: "We have to row with the oars we have." Thus, there's no need to discuss shortage of funds. It would be all the same. If we have lacked up to now, then everyone has lacked.

[EDITOR] Is your use of public transportation for travel an economy measure?

[Wahono] We are trying to be populists. If we can use cheaper transportation, so much the better, as long as we get to our destination. In this way, God willing, we will achieve our goal. If people underestimate us, that's fortunate. That's normal.

[EDITOR] GOLKAR reportedly has a candidate it will present in the 1993 MPR General Assembly. Is that true?

[Wahono] Yes, we have been looking around, and not at just one or two people. The issue now is the right time. It's true that we have been looking around, but it's not necessary to make an announcement.

[EDITOR] Do you mean you have a person?

[Wahono] There are thoughts. Thoughts.

[EDITOR] What are the criteria?

[Wahono] Adherence to PDLT (performance, dedication, loyalty, and an unsullied reputation) is clearly one. For national leadership, there is another criterion: ability to implement the GBHN [Broad Outline of State Policy].

[EDITOR] What is your source of recruits?

[Wahono] There are many sources. Ha, ha. The important thing is that there are many sources: our cadres at all levels.

[EDITOR] From within GOLKAR itself?

[Wahono] Yes, everyone is included.

Challenges, Opportunities Facing GOLKAR

*90OG0046B Jakarta KOMPAS in Indonesian
17 Oct 89 p 14*

[Text] The meeting of leaders of GOLKAR [Functional Groups political party], which is being held in Jakarta from 17 to 19 October, falls on the 25th anniversary of the establishment of the largest Indonesian social and political organization.

It is interesting that in celebrating the 25th anniversary of its establishment GOLKAR has not spoken of the past 25 years but of the next 25 years. A 1-day seminar is being held with the theme, "Reflections and Additional Thinking on Renewal."

Of course, we can only speak of the 25 years to come if we also reflect on the past 25 years.

If we study the experiences of other countries and if we also look at our problems and condition, it can be said with assurance that over the next 25 years GOLKAR will continue to play a role as the largest social and political organization and as a social and political organization which is part of the government.

The quality and the impact of a GOLKAR government should and indeed will be more complete than it has been during the past 25 years. On the other hand GOLKAR is also called on to increase its quality, particularly as an instrument to redynamize political life and give meaning to economic development, as well as to stimulate the process of democratization.

Through increasingly democratic general elections GOLKAR will compete with and provide space for two other political organizations, so that what will be in effect in our country will not be a single party system, but rather a multi party system, involving three parties.

Why is it that GOLKAR will continue to play a role during the next 25 years? This is because during this period, when the Indonesian people will enter the takeoff period and later will become increasingly significant as a new industrialized country, we will need a political structure which, on the one hand, is democratic but, on the other hand, will also continue to ensure stability and will be effective.

The next 25 years will not be a less complicated period. The period will be marked by increasing progress in the social and economic sector, in the education of the people, and in the social awareness of the community. Changes which occur will be more intensive, affecting all sectors of life. The transformation of values will continue to be based on the cultural roots of the Pancasila [five principles of the nation] but must consider adaptation to the challenges and changes, which will occur with increasing speed.

To deal with such a situation, we need a social and political structure which is firm but at the same time flexible, so that the system will continue to stand, bend sufficiently, and be responsive to the demands of changing times.

Fortunately for us, as has been stated repeatedly by President Suharto, the Pancasila is an open ideology. In part the Pancasila is an ideology which will always engage in a dialogue with reality and with contemporary developments and will be able to include additional elements without losing its essential character.

One responsibility of GOLKAR as a well known social and political organization is that at all times it will treat the Pancasila as a strong and relevant ideology, continuing to provide motivation, inspiration, and meaning to the efforts made to improve the life of the people in the economic sector.

From the large scale changes now going on in the countries of Eastern Europe, including the Soviet Union, we have learned the lesson that a closed ideology eventually will become so sterile that it will be left behind by events or will be totally destroyed.

The course of intelligent social and economic development, as the trigger of national progress, will be continued. That is, it will assign an increasingly large role to community efforts.

In other words, if the economic dynamics of the market are allowed to develop in accordance with the orientation of its own power, with the exception of large scale growth and progress, what we will encounter at the same

time will be social problems originating from imbalances, envy, and social injustice.

Such a situation, if it should occur, means that it will be opposed to the objectives of an independent Indonesia and the meaning of its constitution.

To prevent this from happening, GOLKAR, as a political organization which is entrusted with carrying on the government and supervising development, must play a role through policies and regulations developed by the government itself or through legislation approved by the government and Parliament.

More specifically, GOLKAR is called on to explain the scope and meaning of Paragraph 33 of the Constitution regarding economic affairs, which is based on a concept of family, gives preference to cooperatives, and is controlled by the state.

Both the document on the Main Lines of State Policy and President Suharto have contributed their thinking regarding this basic matter. GOLKAR needs to study and formulate it more fully and later present it to the people.

For example, spreading understanding of the fact that if in the 1917 Constitution of Mexico the meaning of "property rights" is associated with "social usage," then property rights in the context of the 1945 Indonesian Constitution are associated with "social function."

As an essential consequence, the three players in the economy: cooperatives, state owned enterprises, and private enterprise are bound together by the vision and economic commitment or effort to seek to achieve "the prosperity of the people to the largest extent possible."

We need to look for instruments which will effectively encourage the three economic players to apply this vision and commitment.

In this connection we need to look for a new source of motivation and attach broad significance to the meaning of development. For example, development as an "historical opportunity," as was the case with the revolution of 1945 as an historical opportunity.

This atmosphere should become a fertile ground for carrying out development as a process for continuing "nation building," as has also taken place in Japan, South Korea, and in other countries.

During the course of the next 25 years rationality and professionalism will play an increasing role in accompanying the growing role and function played by science and technology in the process of the industrialization and mechanization of agriculture (in the sense that we will make increasing use of the services of technological devices, such as improved seeds, pesticides, and so forth).

However, if the noisy machinery of industrialization is present, the changes which take place in society as a

result of industrialization will increasingly require a meaningful life based on human values.

It is in such a process of adaptation that a role for GOLKAR and other political organizations, as well as community institutions, will be very much needed.

It has become increasingly clear that, apart from gaining a majority voice in the general elections so that it can carry on government and development, GOLKAR must also be called on to play a larger and effective role as an instrument of cultural transformation.

Analysis of Opinion Poll on GOLKAR

90OG0069A Jakarta EDITOR in Indonesian
28 Oct 89 pp 23-25

[Text] It was not with rock music that Harry Moekti sounded a clear voice for the ears of GOLKAR leaders. "GOLKAR will not be replaced before the year 2000," he said. The government party is still the best, the singer added.

Now that GOLKAR has painted with such clear colors on the Indonesian political canvas since its birth a quarter of a century ago, the party with the banyan tree symbol apparently will remain the "maestro" for the next decade. It appears that the party promoted by ABRI and strongly supported by the government bureaucracy will again emerge a brilliant winner in the 1992 general election, which many people are awaiting as an important political barometer for the republic.

The party will at least continue to be acknowledged as better than its two rivals: the Development Unity Party (PPP) and the Indonesian Democratic Party (PDI). "GOLKAR is the one with the most organized program and the one that touches all the problems of society," said Theodorus Yacob Kikrits, also known as Ondos, a recent hunger striker at the ITB [Bandung Institute of Technology]. As it was in the 1987 election, GOLKAR remains the choice of a majority of young people—the group of "swing voters" raised under the nonpolitical and nonideological climate of the New Order.

The results of an EDITOR opinion poll taken last week can be reason for GOLKAR to be optimistic. A majority (48 percent) of the responders, who were young people between 20 and 30 years of age, gave victory to GOLKAR in the next election, while 19 percent chose the PPP, 16 percent selected the PDI, and 16 percent made no choice. The respective positions were almost the same as in the 1986 election, the differences being from 0 to 1 percent. The status quo has not been disrupted.

It appears that GOLKAR needs to be careful, however. Only a minority of responders (17 percent) guaranteed that they will not change their selection by the time of the election. About 64 percent said they might change their minds, and 19 percent said they did not know what their

future decision will be. This means that more than 80 percent of this group of voters are not a hundred percent in the grip of GOLKAR.

Thus, the next 2 years will be very definitive. The question is whether the contestants in the election will understand the psychology of this group of voters. According to UI [University of Indonesia] political expert Dr Burhan Magenda, the urban youth who responded to the EDITOR poll represent an opportunistic floating mass. "If they profit much from GOLKAR, they might be GOLKAR supporters. But they will shift if GOLKAR doesn't touch them," said Magenda, who has a doctorate in political science from Cornell University in the United States.

The political interest of most young people fluctuates greatly, Magenda said. "In Jakarta, for example, they supported the PPP in the 1977 election, GOLKAR in 1982, and the PDI in 1987," Magenda stated. Such a threat to GOLKAR, he said, exists only in the cities. "GOLKAR is secure in the villages," he added.

The ones who responded to the EDITOR poll were in fact generally a part of the urban floating mass not bound by any ideology. Unlike their parents, the responders were generally more relaxed in their affiliation with political parties. About half (51 percent) of the parents of the responders had no ties with any of the three parties, but many more, almost 80 percent, of the responders themselves claimed they had not enrolled in any party.

This relaxed political affiliation can be seen in the fact that 42 percent of responders stated that there is no ideological difference among GOLKAR and the two rival parties, for all are based on Pancasila. It was logical, then, for 56 percent to say they will merely wait to see which party will be the best channel for their political interests—and satisfy their opportunistic goals.

This phenomenon brings Magenda to the conclusion that "the political parties and GOLKAR are more like cadre parties than the mass parties of the Old Order." It is quite possible, said Magenda, for a person to be sympathetic with a party he is not a member of.

This urban floating mass is also a group more concerned with real issues in society. "We are now moving toward being 'issue oriented,'" said Indrya Smita Nugroho, 28, daughter of the late Minister of Education and Culture Nugroho Notosusanto. Ideology is not very important in this country, said the recipient of a master's degree in political science from California State University. "Racial, regional, and religious issues tend to be flexible. They were the debates of the fifties and sixties," she stated.

There are other factors that make GOLKAR superior to the other political parties. Most of the responders (85 percent) were attracted only to campaign themes touching on real socioeconomic issues in society. Thus, GOLKAR, with its roots in the bureaucracy that strongly supports it, is the party that appears most able to fulfill

those desires. It is the party with national development as its ideology. "GOLKAR can anticipate issues in society, from urban middle class to 'posyandu' [postal workers] and farmers," Ondos said.

Unfortunately for the PPP, the party apparently still called religious, only 10 percent of responders said they were attracted by religious themes. Also unfortunate for the PDI—a fusion of parties that represented "primordial" groups—is the fact that only 5 percent were attracted by "primordial" themes.

Whatever its performance and how full of rhetoric it may be, GOLKAR, with the support of ABRI and the bureaucracy, possesses tools for the socialization of politics that have been very effective in penetrating the various groups in society for these 25 years. This status quo is also not yet entirely disrupted.

Most of the responders (62 percent) said that GOLKAR victories have been the result of support by the military and the bureaucracy. Only 26 percent said that GOLKAR won because of the support of the people. Even fewer (10 percent) viewed GOLKAR victories as a result of weakness in the political parties. Question: What are the prospects for GOLKAR without the support of ABRI and the bureaucracy, which have always promoted the party?

If this status quo were to be disrupted, 26 percent of responders to the EDITOR poll were sure that GOLKAR would be defeated in the next election. Only 18 percent were sure that GOLKAR would continue to win. But an even greater number (35 percent) said that GOLKAR would not necessarily lose, while 20 percent would not venture to predict.

Certain to lose? Among those who were sure that GOLKAR would lose, more than half felt GOLKAR could not stand without the military and bureaucrats. A large number (30 percent) said that GOLKAR does not yet have roots. But only 9 percent said that GOLKAR will have competition from the other political parties.

Certain to win? Among those who were sure of GOLKAR victory, 41 percent felt GOLKAR has put down roots. About 59 percent said GOLKAR is better than the PPP or the PDI. Above all, the two rivals were seen as not possessing tools for the socialization of politics, not self-sufficient, and almost always marked by disorganization.

"GOLKAR would be finished without the bureaucracy and the military," said Ondos. GOLKAR appears to be populist only because it has the support of ABRI, bureaucracy, and the paternalistic culture of our society, according to Ondos. The bureaucracy's control of society is very strong; it has immersed its fingers as far down as the hamlet. GOLKAR would be very much in jeopardy without ABRI, especially. "ABRI is the strongest protector of government (GOLKAR) programs down to the lowest levels," he added.

Even without the military and the bureaucracy, according to Magenda, GOLKAR would not be certain to lose. Only the urban floating mass, which makes up 25 to 35 percent of city populations, would be able to undermine GOLKAR strength. The nonpolitical situation in the villages, however, relatively guarantees the GOLKAR grip on those areas. Village population will remain a majority until the end of the century. And the middle class, whether in the cities or the villages, tends to love the status quo of political stability. GOLKAR will naturally be their choice.

Without the support of the military and the bureaucracy, Magenda said, GOLKAR could still win 40 to 50 percent of future votes, while the PDI and the PPP would get about 20 percent each. "The bureaucracy and military should actually be neutral, but I think ABRI is still afraid of the risk," he said.

Whether GOLKAR should win or lose, 72 percent of responders said that the bureaucracy and the military should remain neutral toward all political parties. Why? For the most part (53 percent), this group said that each member of the government apparatus is free to choose any party. About 30 percent hoped that bureaucracy would be only a servant of the people.

Only 15 percent said that the bureaucracy need not be neutral. Why? About 60 percent of these responders said the bureaucracy should support the government party, while 32 percent justified their position by saying the bureaucracy should be united.

Whatever may happen in the future, historically GOLKAR has developed along with ABRI and the bureaucracy. "GOLKAR has never really reached to the bottom nor has it ever really been shaped from the bottom," said Bambang Brodjonegoro, son of the late Minister of Education and Culture Sumantri Brodjonegoro. "If GOLKAR wants to be a strong political party," the student of development studies at UI said, "it must drop its dependence on ABRI."

Bambang could understand the close ties that have existed between ABRI and GOLKAR. "In a developing country, this combination has proved that it brings stability," he said. But, until when? "The transition period is over," said Bambang. Bambang also feels that it has been natural for ABRI, through its dual function, to take part in politics, since the civilian side has not been capable. He said that ABRI must remember its main job of national defense. ABRI should continue to be involved in politics, however, but "not with a spirit of control but in order to teach and train civilians," he said.

Whether they liked GOLKAR or not, a majority of responders felt the party will continue to be a source of potential national leaders. About 62 percent said that GOLKAR is able to develop candidates for national leadership. Only 12 percent said GOLKAR is not able to do this, and about 25 percent said they did not know.

GOLKAR's superiority, according to Magenda, lies in its cadre procedures, because it is more flexible in its recruitment. Besides retired ABRI personnel (a group almost nonexistent in the PPP and the PDI), GOLKAR also has more technocrats, intellectuals, businessmen, and managers, Magenda said. "GOLKAR is the most pluralistic in this matter."

Cadre procedures may also bring about GOLKAR's downfall, however. "A big organization like GOLKAR," said Rosita Noer, businesswoman and KOSGORO [Federation of Cooperating Multipurpose Organizations] activist, "can be destroyed only from the inside." Thus, she said, cadre procedures and succession can trigger trouble through "struggles for status."

However, most responders tended to believe that ABRI and GOLKAR (which is still internally dominated by retired ABRI personnel) are the sources of leadership candidates. About 52 percent think that GOLKAR can develop candidates within itself, and about 41 percent said GOLKAR will get them from ABRI.

Similarly, a majority of responders believe that GOLKAR (51 percent) and ABRI (39 percent) will be the factions most prepared with candidates for president and vice president. The PPP and the PDI each received the confidence of only 1 percent of those who responded on this subject.

The dual function of ABRI, both as a political force and as a supporter of GOLKAR, apparently is accepted as an unimpeachable reality in the country's politics. Almost half (47 percent) of responders envisioned a president coming from the ranks of ABRI retirees. In fact, 38 percent wanted an active-duty ABRI member to be president. Only 3 percent saw possibility that a civilian politician will be president.

Regardless of who the presidential candidate is, however, a majority wanted regeneration of national leadership. About 58 percent wanted leadership to come from the post-'45 generation, while 38 percent still pinned their hopes on the '45 generation.

Many factors provided grounds for GOLKAR to be optimistic about the future, even without the support of the military and the bureaucracy. It is impossible for GOLKAR's 25 years in place and its invulnerability in four successive elections to be wiped out in a short time.

As to whether GOLKAR can respond to the many problems in society, a majority (55 percent) answered that economic issues (debt and imbalances in incomes and jobs) are the most likely to cause problems in the coming decade. About 40 percent of the others worried about social justice and legal protection. These worries reflect GOLKAR's performance so far.

Unlike the rhetoric of many officials of the government (which is identical to GOLKAR), only 3 percent of

responders said that religion (extreme right) will trigger political trouble in the future. Even fewer were afraid of communism (extreme left).

According to Magenda, urban young people represented by the responders to the EDITOR poll have become a critical group as communications have developed. They have begun, or will soon begin, their working years. They are also very concerned for the welfare of "little people."

Magenda predicts that whatever happens GOLKAR will remain supreme for the next 25 years. "Under the district voting system, especially, it will be hard to defeat the party representing the establishment, just as the LDP [Liberal Democratic Party] in Japan is hard to defeat," Magenda said.

Export Tax Hike Hurts Timber Industry

90OG0060A Jakarta KOMPAS in Indonesian
31 Oct 89 p 9

[Text] Samarinda, KOMPAS—There are fears that the increased export taxes on sawn and processed timber will cripple the timber processing industry in East Kalimantan, particularly small and middle-sized businesses. This view was obtained by KOMPAS from a number of timber processing firms and related government authorities in the area.

While the new regulations will have a positive impact by stimulating the growth of the furniture industry and increasing export tax revenues, a negative impact of halting processed timber exports is also feared. This in turn will result in layoffs.

By SK [Directive] No 1134/KMK.013/1989, dated 10 October 1989, the minister of finance directed increases in export taxes on sawn and processed timber. The increases vary according to types and uses. The tax increases, which become effective on 1 November, are considerable on wood often used for furniture and other finished products.

Possible Layoffs

Several businessmen in the processing industry in East Kalimantan said the situation will be difficult, because the high taxes mean that the prices of some types of products must be doubled. Small and middle-sized export firms, whose market networks are neither extensive nor strong, apparently will find it hard to survive.

"The purpose of the government's policy is positive, of course, and we will try as hard as possible to hold on," said one businessman who did not want to be identified.

Government authorities who will be affected by the impact of the new regulations have been getting ready for any eventuality. On Wednesday [25 October], a meeting was held by DANREM [Military Area Commander] 091/"Aji Surya Natakusuma" Colonel (Infantry) Budi Sujana, Chief of the Regional Office of Industry for East Kalimantan Drs Moesono, Chief of the Regional Office

of Forestry Herman Sastrawinata, Chief of the Regional Office of Trade Tigor Gultom, and officials from the areas involved.

DANREM Budi Sujono acknowledged that the substantial increase in export taxes will be a burden on small and middle-sized industries. If they cannot penetrate foreign markets, they will find it difficult to sell their products, since local finished wood product markets will not be able to replace the foreign markets. The worst impact will be the possibility of layoffs in the processing industries.

Smuggling

According to information from the Regional Office of Industry, there are now 331 timber industries in the province, 293 of which are directly affected by the tax increases. These industries, which employ about 9,000 people, consist of 178 small sawmills, 101 middle-sized and large sawmills, and 14 molding industries.

The Regional Office of Industry and DANREM 091 see the possibility that small and middle-sized industries may merge with large industries if the smaller ones find it difficult to stay alive. Other people offer the alternative of transferring workers to other sectors now being encouraged, such as estates, industrial forest development, etc.

Another problem that may arise under the new policy is "manipulation" of the export process for finished wood products. The Regional Office of the Department of Industry admits that guidance on criteria for finished products is not very detailed, such as with regard to what can be called decorative molding.

A problem arose at the port of Samarinda last year because of this lack of detail. An exporter of rattan woven into baskets called them finished products, but the Customs Office considered the material to be raw rattan, which is banned from export. The East Kalimantan Regional Office of Trade said the surveyor, PT [Limited Company] Sucofindo, has authority over criteria.

Several timber industry operators said they will try to "adjust" their selling prices to the higher taxes on exports of processed timber. If such adjustment cannot be made, however, and the domestic market cannot absorb the products, the best choice, like it or not, is to stop production.

Government Announces New Income Tax Regulations

90OG0060B Jakarta KOMPAS in Indonesian
30 Oct 89 p 4

[Text] Through Minister of Finance J.B. Sumarlin and Bank Indonesia Governor Adrianus Mooy, the government has announced a series of new rulings on taxes, banking, and the capital market. These rulings are said to

be part of the effort to complete the deregulation package of 27 October 1988 (PAKTO 27).

One of the rulings that affects people extensively is an increase in the amount of income exempt from taxes (PTKP).

The 1984 Income Tax Law ruled that a person with an income of up to 960,000 rupiah per year (80,000 rupiah per month) would be exempt from paying income tax. The 960,000 rupiah figure is called PTKP. A person would pay tax only if his income were higher than that amount. If he has a wife (without income) and three children, he may make up to 2,880,000 rupiah per year (240,000 rupiah per month) without paying income tax. In other words, his PTKP is 2,880,000 rupiah.

Such a person's PTKP has now been raised by 50 percent to 4,320,000 rupiah. Thus, a taxpayer with a wife and three children and an income of up to 360,000 rupiah per month is not required to pay income tax.

In actuality, any person whose activities produce income for himself is subject to income tax. Under tax laws, however, people with small incomes are considered unable to pay taxes. Moreover, it seems unfair that they should have to do so. Therefore, only people whose incomes exceed a certain figure are required to pay income tax. In Indonesia, this figure is called the PTKP.

Under the new regulations, the government has modified the threshold of ability to pay as measured by income and has changed the amount of taxes to be paid. In other words, the rules on whether a person is able to pay and whether a person is required to pay taxes or not have been changed. In the past, a person with a family with three children and with an income of up to 240,000 rupiah per month was considered unable to pay taxes, but now that person may have an income of 360,000 rupiah per month and not be considered able to pay taxes. Thus, he is not required to pay income tax.

The increase in the PTKP, or the threshold of ability to pay tax, was made not only out of a sense of justice but also because of the difficulty that people with low incomes have in meeting daily needs. In other words, inflation has been taken into consideration.

A consideration of ability to pay prompted new regulations on taxes on savings interest. Saving money in the bank to get interest is considered an action that produces income. Thus, under the Income Tax Law, savings interest is subject to income tax.

Initially, taxes on the interest on TABANAS [National Development Savings], TASKA [term insurance savings], time deposits, and certificates of deposit were deferred in order to attract funds and encourage the community to enter the banking sector. Later, only time deposits and certificates of deposits were subject to income tax.

Now, all interest on TABANAS, TASKA, TAPELPRAM [unknown], home ownership TUM [unknown], time

deposits, certificates of deposit, and other types of savings are subject to income tax. Nevertheless, consideration continues to be given to one's ability to pay. To put it more simply, are the people who save able to pay tax or not?

The government has determined the amount of savings that a person must have to be called rich enough to pay income tax on his savings. That amount is 5 million rupiah.

If a person's savings do not exceed 5 million rupiah, he is not subject to income tax. If his savings exceed 5 million rupiah, however, his interest will be subject to income tax. For example, if his savings are 5.5 million rupiah, his interest is subject to an income tax of 15 percent.

The governor of Bank Indonesia said that 99.99 percent of the people who save through TABANAS, TASKA, and TAPELPRAM have savings of no more than 5 million rupiah. In fact, 99.85 percent have savings of no more than 1 million rupiah. Those with savings of 1 million to 5 million rupiah constitute only 0.14 percent, and only 0.1 percent, or, in other words, extremely few people, have savings of more than 5 million rupiah.

This is not the case with time deposits, however. We know there are many who have more than 5 million rupiah in time deposits. In fact, there are deposits of up to tens and hundreds of millions, and even up to billions of rupiah. It has become an open secret that businesses, both private and BUMN's [State-Owned Business Enterprises], deposit large sums of money in the banks. This is no problem, however, since such deposits were already subject to income tax. People who save through time deposits of greater than 5 million rupiah pay income tax as the law requires.

On the other hand, another goal of the government is to give liberty to banks to offer a number of savings products in order to attract money from the public. Previously, the banks, which are multiplying rapidly, felt that prerequisites for offering savings products were extremely "tight."

The government then surrendered full administration of TABANAS to banks, without the interference or help that came from Bank Indonesia in the past. Thus, the banks are free to change TABANAS rules, including the amounts of interest. We will see in the future that, although accounts are all TABANAS, interest rates may vary. People will be able to decide which bank they will patronize for their TABANAS savings.

It also appears that the government wishes to stop, or at least reduce, the number of low-interest savings accounts associated with large, tantalizing prizes.

The public indeed can choose between savings with high interest rates that guarantee large income from interest and savings with low rates but big prizes. Getting a prize is not certain, of course. Seeing the extent of awareness

about savings and the public's long-term objectives, the government prefers that people save through accounts that do not have prize enticements.

We see a "red thread" running through the announcements made by the minister of finance and the governor of Bank Indonesia, namely that the government is applying the 1984 Income Tax law without exception. A taxpayer with a wife (with no income) and three children who makes more than 360,000 rupiah is deemed able to pay income tax. A person with more than 5 million rupiah in savings is considered rich enough to pay tax on the interest on his savings.

Labor Agreements Urged for Companies Going Public

90OG0066C Jakarta *SUARA KARYA* in Indonesian
9 Nov 89 p 5

[Text] Jakarta, ANGKATAN BERSENJATA—Minister of Manpower Cosmas Batubara has proposed to Minister of Finance Sumarlin that permission to "go public" be given only to companies possessing KKB's (joint labor agreements) and paying minimum wages in compliance with government regulations. He recently sent his proposal to the minister of finance by official letter.

The minister of manpower revealed this in Jakarta on Tuesday [7 November] just after witnessing the signing of a KKB between directors of PT [Limited Company] Unilever Indonesia and local SPSI [All-Indonesia Labor Federation] leaders.

Cosmas said the purpose of the proposal was to ensure proper conduct of mobilization of community capital through investment in companies. From the aspect of manpower, it will be a guarantee that a company has better provided for the welfare of all its employees.

The minister's remarks were consistent with hopes expressed a moment earlier by Drs Imam Soedarwo, general chairman of the SPSI DPP [Central Executive

Council]. Imam asked the Department of Manpower to ensure that permission for "going public" be issued only to companies that have formed SPSI units.

"The Department of Manpower has gone even beyond that. In fact, it has linked the KKB with payment of minimum wages. A KKB can exist only with the signatures of company and local SPSI leaders," he asserted.

Imam Soedarwo also used the occasion to express his hope that companies "going public" will set apart some of their stock for sale to their employees. He warmly welcomed the efforts of the Tiga Roda Cement Plant, which will give opportunity to its employees to buy 10 percent of the stock being offered.

Add 2.1 Billion Rupiah

Under its ninth KKB, which will be in effect over the next 2 years, PT Unilever will add 2.13 billion rupiah for the welfare of its 2,500 employees. This increase over provisions in the eighth KKB will include additional housing allowances, more money for food, and remuneration for eyeglasses and funeral expenses.

In the new KKB, the company is introducing education savings accounts for annual school costs of children of employees. These education savings are to be a supplement to TABANAS [National Development Savings], which was included in the eighth KKB. Unilever will give an incentive of 50,000 rupiah to each employee who saves regularly.

Cosmas explained that the KKB is a development priority in the manpower sector. The REPELITA V [Fifth 5-Year Development Plan] target is 2,000 new KKB's. So far, there are about 5,000 KKB's.

In order to reach this target, he called on SPSI and APINDO [Indonesian Association of Plastics Industries] to be more active in encouraging companies with SPSI units to draw up KKB's immediately. Companies that have not set up SPSI units are asked to do so right away and then to establish KKB's.

Swede Gets Decoration for Forestry Aid

90OG0064I Vientiane PASASON in Lao 14 Oct 89 p 1

[Text] On the evening of 12 October in Vientiane City, on behalf of the Lao government, Mr Kham-ouan Bouppha, the deputy minister of Agriculture and Forestry, gave a decoration to Mr Peter Fukder, a Swedish expert assigned to work on the Lao-Swedish forestry project.

Mr Peter Fukder has been working on this project here since 1979. He has helped train forestry officials, provided vehicles and equipment, conducted surveys, and carried on afforestation projects. This has helped develop Laos and fostered better relations between Laos and Sweden.

Since 1979, the Swedish government has constantly provided forestry aid to Laos. In particular, since 1984 the Swedish government has helped us carry out five projects, including projects to preserve the forests and prevent the felling of trees to make use of the land for agricultural purposes. For the period 1988-1990, SIDA [Swedish International Development Agency] has provided 60 million krona for this work.

Swedish Cooperation in Forest Surveys

90OG0064D Vientiane PASASON in Lao 24 Oct 89 p 2

[Text] The National Forest Survey Project, which is being carried on with the support of SIDA [Swedish International Development Agency], got underway in 1985. To date, in the central region, that is, from Sayaboury Province to Khammouan Province, and in the southern region, 40 percent of the area has been surveyed by air.

Mr Sunthon Ketphan, the deputy head of the Forest Survey Organization, and Mr Chamloen Phetsompon, the head of Joint Project Planning and Administrative Organization, said that this initial forest survey project has been divided into three stages. During the first stage, which lasted from 1985 to 1987, officials were employed and trained, and equipment was procured for the project. During this stage, SIDA provided \$3,835,700. This year is the 2d year of the 2d stage (1988-1990). During this stage, we will carry on surveys nationwide. These will be carried on in three regions: the central region, with an area of 6,780,827 hectares; the southern region, with an area of 6,870,653 hectares, and the northern region, with an area of 10,028,520 hectares. The project got underway in the central region. To date, the survey work in the central region has virtually been completed and preparations are being made to begin work in the south. The objective of the survey is to collect data on the types and sizes of forests and the amount of land that has been put into production. This can be divided by the elevation of the land and forests in order to stipulate how each type of forest is to be used. For example, the forests along the borders and in head-water areas will be preserved in order to prevent drought. Data will also be collected on the rivers in our country.

Besides analyzing the data from the aerial photographs, the researchers, including the experts from SIDA, are also conducting ground surveys in order to compare the data obtained with those data obtained from the aerial photographs. We will use these data to draw maps and provide these to the localities for use in formulating plans for developing and preserving our natural resources. SIDA has provided \$4.8 million for the second stage. This organization has also sent experts to provide technical advice. Experts have also been sent on a short-term basis to help carry out the project. In the third stage, that is, from 1991 to 1993, certain areas will be surveyed again by air. Detailed surveys will be carried out in order to develop 5 million hectares in the central region. Also, the timber felling operations of certain companies will be studied in detail in order to provide an example for other companies and localities.

This is the first such survey project in this country. It is being carried out with the help of SIDA. That is, an aid agreement was reached between the governments of Laos and Sweden. This agreement was signed in Vientiane City in 1985.

Australian Aid for Vientiane Project

90OG0064A Vientiane PASASON in Lao 12 Oct 89 p 1

[Text] The project to build up the banks of the Mekong River near Tha Dua in Hatsaifong District, Vientiane Province, (at Km 1549 by river), will get underway very soon. This project is 250 meters long.

Mr Singthong, the director of the Vientiane City Urban and Rural Survey and Planning Company and the head of this project, said that the Australian government has provided \$280,000 for this project through the Mekong River Project. The United Nations has provided \$39,000, and the Lao government has provided a total of 30 million kip. The project is expected to be completed by the end of November 1989.

Mr Singthong added that the bids on the work will be opened on 13 October in Bangkok, Thailand, by the International Mekong River Organization. Seven Lao companies have submitted bids.

Official Views Problems With SRV, Danang Port

90OG0064H Vientiane PASASON in Lao
14 Oct 89 pp 1, 3

[Text] Today, based on an agreement reached between the Lao Ministry of Transportation, Post, and Construction and the Vietnamese Ministry of Foreign Trade, the Lao Transport Company has been put in charge of transporting goods between Vientiane and the Vietnamese port of Danang. Since the end of March 1989, after 6 months of operations, it can be seen that this has facilitated things greatly. For example, sharing the work between Laos and Vietnam has increased the sense of responsibility of each side, with the result that goods are now being transported more quickly than before.

Because of this, shipping costs at the port have declined from \$25 per ton to only \$15 per ton, and this figure will decline even further by the end of the year.

However, Mr Bounhom Phoumsavan, the director of the Lao Transport Company, and other company administrators said that there are still many difficulties in transporting goods between Vientiane and Danang. This is because various entities are involved in this. By September, only 1,170 tons of goods had been brought in and only 1,218 tons had been shipped out. The owners of the goods have failed to inform the company of the amounts and types of goods in advance. This is contrary to the principles of international trade. This has been a problem for more than 10 years. The company administrators said that the worst problem is that owners of goods have failed to pay for the services rendered at the port. During the first 6 months of the year, the company had to pay 125 million kip on behalf of the owners. The company agreed to transport goods for the traders and sold some of the goods to pay the costs. This is not the proper way to handle things. Besides this, the goods stored in godowns in Laos are not protected very well, because the godowns are just temporary structures that were built to be used only 30-40 days. But the traders have kept goods there for much longer periods, claiming that they lack funds. As a result, many of the goods stored there, including vehicles and machinery, have been damaged. If they are left there until next year, they may be completely ruined. As of July 1989, approximately 1,000 tons of goods were stagnating in the godowns. In the case of export goods, the owners usually want to transport the goods themselves or have a private company handle this for them. As a result, the packing does not meet the standards, and there are problems with the various documents.

The director of the Lao Transport Company also said that he hopes that these problems can be solved. In transporting goods, there should be a state-controlled center. There should be a center for collecting duties and ensuring time periods. Because in the past, things have been done very slowly. There should be only one representative for the transport of goods. Up to now, both the public and private sectors have had representatives based at Danang Port, and many of these have just served as middlemen.

Constitution To Be Drafted by Early 1991

90OG0064F Vientiane PASASON in Lao 23 Oct 89 p 1

[Excerpts] Recently, officials in Xieng Khouang and Luang Prabang provinces [passage omitted] discussed political, economic, educational, cultural, and social matters and stipulated the rights and duties of citizens. They also discussed the state's organizational system and other matters concerning the drafting of the first constitution of the LPDR [Lao People's Democratic Republic]. It is expected that the draft constitution will be completed by late 1990 or early 1991 at the latest.

Central Committee Transfers District Jurisdiction; War Damage Noted

90OG0064G Vientiane PASASON in Lao 26 Oct 89 p 2

[Excerpt] Samouai District is located in the northeastern part of Saravane Province. This mountainous district is approximately 70 km from the provincial seat. Prior to 1989, this district was subordinate to Savannakhet Province. But in order to facilitate administration and divide the zones appropriately, the Central Committee decided to put Samouai District under the control of Saravane Province beginning in 1989.

Samouai District is composed of 7 cantons and 55 villages and has a population of approximately 2,000 people. There are two ethnic minority groups here, the Lao Lum and the Da-oi, who live deep in the jungle along the Xe Kong River. This used to be a base area during the period of the national revolution, and, therefore, it suffered heavy damage during the war. Much of the forest area was destroyed. If you travel in this area, you can see countless bomb craters. Most of the people who live here earn their living by growing upland field crops. There is little land for growing rice. There is a medium-sized irrigation project in Atuk Canton. The people produce just enough to live on. In years when the weather is unfavorable, not enough food is produced to last the entire year. In order to solve this problem, in 1989, Saravane Province began encouraging the people in Samouai District to start raising livestock. It has encouraged them to raise cattle and buffaloes so that they can earn money to support themselves. The state administers things, and the people are the owners. That is, the state is investing money. If a family doesn't have livestock, the state will provide them with livestock. Or the family can join with the state in purchasing livestock. [passage omitted]

MADC Cited in Bolikhamsai Forest Destruction

90OG0064E Vientiane PASASON in Lao 23 Oct 89 p 2

[Excerpt] At the national conference on forests that was held in August, it was stated that forest destruction is now an extremely serious problem. Many provinces have allowed people to fell trees freely. One such province is Bolikhamsai Province.

In an interview, Mr Bouathong Phounsaliit, a member of the party and of the Provincial Administrative Committee and the head of the Bolikhamsai Provincial Agricultural Committee, said that "since the forest conference, we have been making an effort to educate the people about the need to preserve the natural environment for the well-being of the people. But in reality, we have not achieved the desired results. People are still felling trees, because we have not been able to provide them with suitable jobs. There is land for growing rice, but no irrigation system, and so the people continue to fell trees. In Khamkeut District, the Mountain Area Development Company [MADC] is responsible for the area. In Viengthong District, people have abandoned the

rice fields to grow upland field crops. In the Minh mountain area in Bolikham District, many trees have been felled. According to the plan formulated by the province, the total area used for growing upland field crops is not to exceed 9,500 hectares. But in reality, 11,000 hectares are being used to grow such crops. The state enterprises have not cut any more trees but have gathered the trees felled previously."

Mr Bouathong Phounsaliit said that the Ministry of Agriculture and Forestry has issued an order prohibiting the felling of trees and stipulating punishments. Bolikhamsai Province approves of this. Because as we all know, if forest destruction continues, the results will be disastrous. The problem is, there are 1,603 state forest personnel in the province. If they don't fell trees, what will they do to earn a living? In 1987, a modern sawmill was constructed here with the help of Sweden. But after construction was completed, an order was issued prohibiting the felling of trees. Moreover, we need lumber to build schools and hospitals. Each year, the province needs 10,000 cubic meters of lumber. The plywood plants have encountered problems. That is, they are not receiving timber from within the province. [passage omitted]

MADC Forms International Shipping Line

90OG0064B Vientiane PASASON in Lao 12 Oct 89 p 2

[Excerpt] Today, besides helping to construct an infrastructure, the Mountain Area Development Company [MADC], which is a business company, has received permission from the Ministry of Transportation, Posts, and Construction to form The Lao Shipping Company. The company was officially established on 13 March 1989. To form this company, MADC put up more than \$1.5 million. This included more than \$1 million of fixed assets and a 1,600-ton ship. This will facilitate foreign trade.

During the past 7 months of operation, the Lao Shipping Company has had to overcome various obstacles and difficulties, because we have little experience in carrying on shipping operations. Thus, the personnel in the company have had to learn how to do things and contact foreign experts in order to make efficient use of this ship.

During the 7 months that the ship has been in use, the ship has made three trips to Bangkok to deliver more than 1.2 million cubic meters, or 1,399 tons, of goods. This has earned the company more than 90,800,000 kip.

Because of the decision made by MADC, the cadres and personnel of the Lao Shipping Company have a revolutionary spirit. They are determined to use our first ship to transport goods to countries throughout Asia and to some countries in the Middle East in the future. This has

made every Lao very proud, because this is our first transport ship, which is named the "Phathana 188" [Development 188]. [passage omitted]

Writer Condemns Excessive Imports, Warns of Lower Kip Value

90OG0064C Vientiane PASASON in Lao 7 Oct 89 p 2

[Article by Chanthaphon Vannachit in 'For People's Democracy' column]

[Excerpts] [Passage omitted] It can be said that some types of imports can be used to support society, production, and the economy, because Laos is an underdeveloped country. Industry is still undeveloped. Most people want good-quality products from the developed industrial countries. Moreover, there are many types of products that we cannot produce or that we can't produce in sufficient quantity to satisfy domestic demand.

But in reality, in many cases, excessive amounts of goods have been imported. Some companies and factories that are not responsible for importing goods have imported such goods and resold them in order to make a profit. This is harmful to the national economy.

Unless we are careful, we will become a free market for the distribution of foreign goods. Many of the import-export companies focus on importing goods only. Very little is exported. This is because it is easier to import goods. [passage omitted] In carrying on state trade, the wholesalers must be controlled. Only goods essential to society must be imported. The amounts imported must be controlled, too, to keep domestic supply and demand in balance. Imports must also be in balance with exports. We can't focus just on imports. People can't be allowed to import goods freely. These people often report smaller amounts than actually imported in order to avoid having to pay taxes. Some people smuggle goods into the country and avoid paying taxes altogether. This is harmful to the nation's economy and reduces the amount of money in the banks. At the markets, goods are traded freely at low prices. The value of kip has declined continually. If the value of the kip continues to decline, the factories that use imported raw materials won't be able to sell their goods because of the high production costs. As compared with the exchange rate, the budget is unrealistic, particularly in Vientiane City. In 1988 and 1989, it can be seen that some state import-export enterprises still owed 98 percent of the import tariff, or more than 56 million kip. The unpaid export tariff was \$243,000.

Unless steps are taken to balance imports and exports, Laos will definitely become a market for the distribution of foreign goods. [passage omitted]

West Germany Wants To Increase Bilateral Trade*90OG0052C Kuala Lumpur UTUSAN MALAYSIA in Malay 31 Oct 89 p 18*

[Text] Kuala Lumpur, 30 Oct—West Germany hopes the volume of bilateral trade with Malaysia will increase by 25 percent next year.

Heinz Okken, first secretary at the FRG Embassy, said that trade between the two countries last year totaled 3,752 million ringgit (DM2,535 million). Electric and electronic products made the largest contribution to this trade volume.

He expects the estimated rate of growth to be achieved and will be very happy if that occurs, he told reporters today at a press conference related to the Hannover Ce-BIT '90 Trade Fair.

He said that in the first half of this year, the trade volume was 2,331 million ringgit (DM1,575 million), compared with DM1,127 million during the first half of last year.

He said electric and electronic products contribute almost 25 percent of this country's exports to West Germany, which totaled 2,461 million ringgit (DM1,663 million) last year.

West German companies operating in this country, namely Robert Bosch and Siemens AG, made the largest contribution to these trade volumes.

He said that other products exported to West Germany from this country are rubber, rubber products, sawn timber, textiles, palm oil, and palm oil products.

This country's imports from West Germany consist of electric and electronic products, transportation equipment, machinery, and chemicals.

He said that electric and electronic products contribute more than 20 percent of West German exports to this country, which totaled 1,292 million ringgit (DM873 million).

Okken said West Germany always cooperates by providing appropriate equipment and machinery to help countries that are developing industries to manufacture finished products from their own raw materials.

Navy Plans Closer Cooperation With Turkey*90OG0051A Kuala Lumpur UTUSAN MALAYSIA in Malay 2 Nov 89 p 4*

[Text] Kuala Lumpur, 1 Nov—The Royal Malaysian Navy (TLDM) and the Turkish Navy have agreed to increase their bilateral cooperation, particularly in the area of training, according to TLDM Commander Vice Admiral Tan Sri Abdul Wahab Haji Nawi.

He said the training sectors identified for this purpose are aspects of modern fleet technology and advanced courses for navy doctors at the Turkish Naval Training Center.

"The TLDM has sent two doctors this year, and two more will be sent next year, consistent with the expanded cooperation between the two navies," he told reporters after receiving a visit by the Turkish Naval Commander, Admiral Orhan Karabulut, at the Ministry of Defense this morning.

Vice Admiral Tan Sri Abdul Wahab said the Turkish Navy has also agreed to participate in a procession of 30 warships at Pulau Pinang next year in recognition of Visit-Malaysia Year.

He said the purpose of Admiral Karabulut's 1-week visit is the expansion of bilateral relations and reciprocation of the TLDM commander's official visit to Turkey last year.

During his visit, Admiral Karabulut will have talks with Vice Admiral Tan Sri Abdul Wahab and will call on Deputy Minister of Defense Datuk Abang Abu Bakar Haji Mustapha, Chief Secretary of the Ministry of Defense Datuk Nasaruddin Bahari, and Army Commander General Tan Sri Hashim Mohd. Ali.

Labor Minister Foresees Labor Shortage by Year 2000*90OG0050A Kuala Lumpur UTUSAN MALAYSIA in Malay 1 Nov 89 p 17*

[Text] Kuala Lumpur, 31 October—It is foreseen that Malaysia will have a shortage of 150,000 workers by the year 2000, Datuk Lim Ah Lek, labor minister, reported today.

Describing the shortage as a big one, he said the problem could be alleviated if the flow of Malaysian workers abroad could be reduced.

It has been found, he said, that some 100,000 Malaysian workers are employed abroad, including 24,000 persons who commute to work in Singapore through Johor Baharu.

"Facing a possible labor shortage in the next decade, the government has begun to study the outflow of workers," Datuk Lim said when officiating at a roundtable conference on trade in Southeast Asia in the coming decade held at the Hotel Ming Court here today.

Datuk Lim urged the corporate sector and the Federation of Malaysian Employers (MEF) to help formulate strategies to reduce the labor outflow.

He said demand for domestic labor will grow by 4 percent annually for a total of 6.51 million persons in 1990 to 9.71 million workers in the year 2000.

This means that there will be a demand for 3.2 million workers in the coming decade, he noted.

Malaysia's population, he said, will grow by 2.5 percent annually to 23.05 million by the year 2000 while the labor force will increase by 3.1 percent per year from 7.05 million in 1990 to 9.56 million in the year 2000.

He said, "This means Malaysia may have a shortage of 150,000 workers by the year 2000."

He added that besides reducing the outflow of workers, the government and the corporate sector must review and revise policies that impede the full use of labor resources to solve the labor shortage problem.

Datuk Lim also urged that steps be taken to encourage more women to become part of the labor force to alleviate the shortage with which we shall be confronted.

He said, "Far fewer women still enter the labor force. For example, in 1987 only 47.5 percent of the women took part in the labor force compared to 85.6 percent of the men."

PAS, DAP Predict Earlier General Election Date
90OG0050B Kuala Lumpur UTUSAN MALAYSIA in Malay 30 Oct 89 p 2

[Text] Kuala Lumpur, 29 October—After their representatives heard Datuk Sri Dr Mahathir Mohamad's mandate to the UMNO [United Malays National Organization] district leaders last night, the DAP [Democratic Action Party] and the PAS [Parti Islam Se-Malaysia—Pan-Malaysian Islamic Party] were more certain that the general election would be held earlier than projected.

Nothing in the meeting surprised them, and they felt the UMNO president's mandate, entitled "United To Face Challenges," was a sign that the general election would be held soon.

In last night's meeting, Datuk Sri Dr Mahathir, among other things, offered support on election questions such as criteria for selecting candidates, steps to be taken to strengthen the party, and identifying voters.

Mr Lee Lam Thye, DAP deputy secretary general, said DAP leaders and members were directed to be prepared to face an earlier general election whether it be held next month or in December depending on a number of developments.

The DAP also requested its branches to forget about who should become candidates, rather they were directed to be prepared to strengthen the party machine to face the election which is being discussed more and more heatedly.

"Turn the selection of candidates over to the central executive committee. Among the factors which should be taken into consideration in deciding on a candidate are ability, honesty, and commitment to the party struggle," he said when contacted by UTUSAN today.

In regard to voters, the DAP from the start reviewed voter registers to learn where the voters stood.

He said "front line" states that are prime DAP targets in the election are Pinang Island and Perak.

He also reported that the DAP would tour the country to unite and alert the people who believe in democracy and justice to oppose government measures that are "unjust" and "ill considered."

Prepared

The member of Parliament representing Bukit Bintang also reported that the DAP would raise the consciousness of the people so that they stand firm on the question of their human rights.

"The PAS was not surprised about anything that occurred in last night's meeting although we knew from the beginning why this meeting was proposed," said Haji Subky Latiff, information chairman, when he was contacted today.

He said the PAS has been prepared for a long time and had no problem with deciding on its candidates.

He added that the prime minister actually had been wanting to hold an election since last year but he postponed it because of a number of problems. He was concerned about the Barisan Nasional (BN) [National Front] possibly being defeated.

Haji Subky added that the prime minister was more confident now after the successful Southeast Asia Sports competition followed by the Commonwealth Head of Governments meeting (CHOGM) and announced an "emergency budget" to save the BN.

Haji Subky predicted that the general election would be held in early January.

UMNO Youth: Majority Supports UMNO

90OG0050C Kuala Lumpur UTUSAN MALAYSIA in Malay 30 Oct 89 p 1

[Article by Rozaid Abdul Rahman]

[Text] Kuala Lumpur, 29 October—The UMNO [United Malays National Organization] Malaysian Pemuda [Youth] Movement informed Tunku Abdul Rahman today that the UMNO was supported by the majority of the Malays as the heir to the former UMNO, and this reality could no longer be denied.

Datuk Sri Najib Tun Razak, its chairman, said basically there would be no Malay unification other than under a single banner, namely, the UMNO.

He reported this information in a 2-hour meeting with the former prime minister who also is the adviser to the Spirit of 1946 group here.

The meeting was held at the request of the UMNO Pemuda after the Tunku, in a recent Spirit of 46 congress session, asked Malays to work hard to break up the UMNO.

According to Datuk Sri Najib, the Pemuda also pressed the Tunku to consider that the Spirit of 46 members

could influence the change in the differences within the UMNO, which now have turned toward constitutional questions, by joining the UMNO and making their opinions known internally.

"The constitution can be amended. This is not a static problem. If two-thirds of the members agree in a special congress, that which makes members discontented can be amended," said Datuk Sri Najib, who headed a group of 15 Pemuda EXCO [executive committee] members in that meeting.

Speaking during a news conference held with the Tunku after the meeting, which was conducted in the Tunku's home, Datuk Sri Najib said they had explained to the adviser of the Spirit of 46 group that basically it was the UMNO now that had the support of the majority of the Malays.

They support the UMNO as the heir to the Old UMNO, and we cannot deny this reality despite our differences, Datuk Sri Najib said.

He reported that they had expressed their feelings and opinions openly in the meeting.

He said, "We only opened the door to discussion and sought meeting points so that we would no longer go our separate ways, no longer be enemies and hate each other.

"We feel this meeting was very beneficial. Its purpose was to clarify the UMNO's views to the Tunku and then see whether there were any points on which we could agree toward unifying the Malays."

Datuk Sri Najib said as long as there was communication, the Pemuda was confident that tension and the current political problems could be alleviated.

The UMNO Pemuda chairman said attempts at unification had to be made continually, and we propose to hold another discussion with the Tunku after the November UMNO congress.

Tunku Abdul Rahman, who attended the news conference, said he represented the Spirit of 46 in that meeting.

He said he saw that there still were opportunities open for Malays to reunite.

"My hope is that if there still is any fellow-feeling between the UMNO and the Spirit of 46, it may revive the UMNO," said Tunku.

He felt the meeting with the UMNO Pemuda group was very successful.

"We got the impression that the differences between the New UMNO or UMNO and the Spirit of 46 had to be held tightly under the conference table in order to reach better understanding between us," the Tunku said.

According to the Tunku, both sides were aware that Malays have been fragmented for the last few years.

He added that there were few differences between the UMNO and the Spirit of 46, and these could be resolved as long as the intent was there to correct what was wrong.

"Do not ask too many questions. Merely want to begin to find solutions. As long as we are all in the UMNO, all under one party. If there is give-and-take, perhaps the UMNO will revive," the Tunku remarked.

In this regard, when the Tunku was asked if unification was successful, would the Spirit of 46 have to be disbanded and its members have to join the UMNO, the Tunku said, "Why should it be disbanded? The 46 did nothing wrong. It was not the 46 that withdrew from the UMNO, and it was not the 46 that changed its name. It was the New UMNO that changed the 46's name, and the 46 was being talked about when the UMNO was declared illegal. They all did not approve of my organizing the The Malaysian UMNO. If all were not for it, I did not have the will to want to do anything."

Meanwhile, after the news conference, the Tunku said, "I support the Spirit of 46 because it is the original party, the party I defend, which I take care of, which brought independence. Of course, I am sorry for being the kind of member I am, so if they all killed the old party and organized a new party, certainly I was unhappy."

"The New UMNO gives too much power to Dr Mahathir. It was different earlier. Of course, we do not agree with this, moreover, if he throws out all of us who founded the UMNO," the Tunku said.

Asked whether, after this meeting, the Tunku would need to meet with Dr Mahathir, the Tunku responded, "That depends on him, he is the leader, he is the chief, he is the dictator. I am a little man and cannot arrange anything."

Datuk Haji Suhaimi Kamaruddin, secretary general of the Spirit of 46 group, and Mr Mazlan Harun, member of the Supreme Council, attended the meeting but did not enter into the discussion.

Mahathir Urges MIC To Strengthen Unity

90OG0068 Kuala Lumpur UTUSAN MALAYSIA in
Malay 17 Oct 89 p 2

[Text] Prime Minister Datuk Sri Dr Mahathir Mohamad hoped MIC [Malaysian Indian Congress] leaders would work to strengthen unity in the party after last night's presidential election.

When congratulating Datuk Sri S. Samy Vellu, MIC president, who won the contest for the position, the prime minister said the MIC had to close its ranks in the interest of the party and the Barisan Nasional (BN) [National Front].

"Since the MIC is a component party of the BN, I hope it will be strengthened to continue to cooperate closely in

the BN," he said after touring the "Understanding Malaysia" Exhibit in the Putra World Trade Center (PWTC) here at midday.

Datuk Sri Dr Mahathir, who also is the BN president, made this reply when asked to comment on Datuk Sri Samy Vellu's victory over a field of eight other candidates that included Datuk S. Subramaniam, the MIC vice president, in last night's presidential election.

Regarding the proposals of the 12 Perak UMNO [United Malays National Organization] Pemuda Pergerakan [Youth Movement] Districts which pressured the central government to tear down the posters of the former prime minister, Tunku Abdul Rahman, the prime minister said, "I do not want to comment on that."

When asked why the posters were torn down, he said, "Perhaps they were angry."

"Young people...they are hot blooded, as I was earlier. But now it's cooled down," Datuk Sri Dr Mahathir said teasingly.

Asked also about Tunku Abdul Rahman's appeal to the Malays to destroy the UMNO and replace it with the Spirit of 46 Party, Datuk Sri Dr Mahathir said, "Forgive me, but I do not want to comment on this."

The Tunku, who made this appeal when inaugurating the first congress of the Spirit of 46 Party here on Thursday [12 October], alleged that there was no similarity between the UMNO headed by Datuk Sri Dr Mahathir and the original UMNO.

The adviser general of that party also alleged that the climate of emergency under the leadership of Datuk Sri Dr Mahathir was far more severe than that which prevailed during the earlier fight against the communist terrorists.

Chinese Youth Groups Urge Abolition of Economic Quota System

90OG0051B Kuala Lumpur UTUSAN MALAYSIA in Malay 1 Nov 89 p 2

[Text] Kuala Lumpur, 31 Oct—MCA [Malaysian Chinese Association] Youth is leading 12 other large Chinese youth organizations in asking the National Economic Consultative Council (MAPEN) to consider the abolition of quotas in post-1990 national economic policy.

They said that to avoid divisions among the people and threats to close ties among the communal groups the government should not practice any national policy that differentiates between groups.

They said this in a nine-page joint memorandum to MAPEN Chairman Tan Sri Ghazali Shafie, which they will present to him in 1 or 2 days.

Among the organizations signing the memorandum were the Malaysian United Youth Association, Malaysian

Youth Association (YMM), Malaysian Federation of Ka Yin Chu Associations (Youth), and Youth of the Malaysian Federation of Nam Ann Associations.

The president of MCA Youth, Datuk Yap Pian Hon, said the memorandum declares full support for efforts to make "needs and merit" one of the basic principles in the country's future economic policy.

"The New Economic Policy (DEB) stirred dissatisfaction and criticism in many quarters because it excessively stressed divisions between Bumiputra [Malays and other indigenous peoples] and non-Bumiputra and emphasized a compulsory quota system," he declared today.

This has resulted in administrative irregularities, which have exacerbated the polarization of communal groups, he added in a midday press conference here.

Therefore, Chinese youth propose that the government practice a principle of "needs and merit" that is not oriented to communal groups in order to encourage all the people to make more meaningful contribution to national development.

Datuk Yap is confident that the pluralistic society of this country is willing to practice this principle, because it emphasizes fairness to everyone and will strengthen ties among the communal groups.

The memorandum also proposes that a special oversight committee responsible to Parliament be created to ensure more effective implementation of national economic policy.

It proposes that a Communal Relations Act, or Communal Discrimination Act, be drafted for the purpose of protecting anyone who faces communal discrimination, said Datuk Yap, who also chaired the meeting in which the memorandum was prepared.

He said the memorandum also proposes that the government conduct a more open business system in order to attract foreign investment, that it develop an industrial sector oriented to agricultural products, and that it reduce the involvement of statutory bodies and public corporations in the commercial and industrial sector.

With regard to the elimination of poverty, the memorandum asks that the government examine the definition of "poverty line," giving consideration to differences in living costs between urban and rural areas, and that it create a cabinet committee to examine all poverty elimination plans and give attention to the problem of poverty in new villages.

Spirit of '46 Branch Dissolved, Members Join UMNO

90OG0051C Kuala Lumpur UTUSAN MALAYSIA in Malay 31 Oct 89 p 21

[Text] Sungai Besar, 30 Oct—The Spirit of '46 Party's Kampung Baharu Nelayan Branch, which had a membership of 112, was dissolved last night when its president, Haji Masod Hussein, and 55 other members officially joined UMNO [United Malays National Organization].

At the same time, Masod presented the branch's registration certificate and a list of members to Selangor Chief Minister Tan Sri Muhammad Haji Mohd. Taib in a brief meeting.

Tan Sri Muhammad then presented the certificate and list to Datuk Haji Zainal Dahalan, president of UMNO's Sabak Bernam Division.

Hajah Rakibah Manaf, member of the State Legislature from the Hulu Klang District, was also present at the meeting.

This was the first Spirit of '46 branch from this area to be dissolved. Sabak Bernam has 13 Spirit of '46 branches, of which 8 are in Sungai Besar.

Three days ago, Masod and his followers submitted a declaration to the Selangor chief minister that they were joining UMNO. They were dissatisfied with the Spirit of '46.

Masod announced that all former members of the branch are expected to rejoin UMNO after all of them have been contacted.

Industrial Sector Needs R&D Program

90OG0052B Kuala Lumpur BERITA HARIAN in Malay 24 Oct 89 p 6

[Text] Kuala Lumpur, Monday [23 October]—Paramount Ruler Sultan Azlan Shah stated today that the industrial sector needs internal research and development (R&D) programs in order to lay a strong technology foundation for the country.

The government also has taken a number of steps to improve R&D in this country, His Majesty said at the inauguration of the International Chemical Conference on Silicon and Tin held by the Asian Group for Analytical and Inorganic Chemistry (ANAIC) at Tuanku Canselor Hall of the University of Malaya.

His Majesty said the steps include large tax exemptions for R&D purchases by the corporate sector.

His Majesty also said that although the training of human resources is important in facing modern economic development challenges, high-level cooperation

among government research institutions, universities, and industry also needs the support of policies and incentives.

His Majesty said the conference was unique and important, for elements like silicon and tin affect the economies of both developing and industrialized nations through the creation of products and supplemental technology.

Minister of Science, Technology, and Environment Datuk Amar Stephen Yong said in his remarks that the conference will be very beneficial, because Malaysia is now in the process of reorganizing and strengthening its economic policy.

He said Malaysia has expanded its R&D at various levels in order to keep up with changing times.

"In the Sixth Malaysia Plan, we hope to raise R&D to 1 percent, a level that enables R&D to be effective in supporting the socioeconomic development of a country," he said.

Privatization of National Electricity Board Announced

90OG0052A Kuala Lumpur UTUSAN MALAYSIA in Malay 2 Nov 89 p 1

[Text] Kuala Lumpur, 1 Nov—The National Electricity Board (LLN) is to be privatized next year and will have a new name, the Malaysian Electricity Corporation (SEM).

The decision, approved in a cabinet meeting today, also determined that 75 percent of SEM stock is to be held by Malaysians, including LLN employees, while the other 25 percent will be owned by foreign specialist companies.

So far, three British companies have indicated interest.

When Minister of Energy, Telecommunications, and Posts Datuk Samy Vellu announced this in the House of Representatives, he stated that the SEM will operate fully as a private corporation by the end of next year after draft legislation concerning it is passed by Parliament in the next session.

He said the SEM will be created this coming January, however.

He announced the privatization of the LLN in his response to a question by Mutang Tagal (BN [National Front], Bukit Mas), who wanted to know the current status of plans to privatize the board.

According to Datuk Sri Samy, the government guarantees that electricity rates for homes will not be increased when the LLN is privatized.

He said the government will determine electricity rates for consumers through an inspection and control board. Thus, the SEM will not raise rates as it pleases.

He added that the LLN will be made an agency before it is privatized.

In connection with talks with unions, Datuk Sri Samy said LLN employees will have three options:

- Retire early with permanent pension as an incentive;
- Remain under the LLN salary scheme, but without rights to own stock; or
- Accept SEM's new scheme and the incentives SEM offers as a private corporation, including amenities and yearly bonuses.

Datuk Sri Samy added that he personally guarantees the continued welfare of employees. In fact, they will have more extensive benefits under SEM administration.

In reply to a question from opposition leader Lim Kit Siang (DAP [Democratic Action Party], Tanjung), Datuk Sri Samy said the minister of finance is now studying the value of LLN assets.

Nevertheless, he said, the cabinet has decided that 25 percent of the stock should be held by foreign corporations for two reasons.

First, the estimated value of the LLN is about 10 billion ringgit, which cannot be borne entirely by the Malaysian people.

Second, the privatization of the LLN needs the expertise of foreign corporations. So far, three British companies have applied for participation in running SEM through aspects of programming, expertise, and long-term planning.

Sitthi Defends Stance on U.S. Trade Issues*90OG0053B Bangkok NAEON in Thai
24 Oct 89 pp 1, 20*

[Excerpt] [Passage omitted] Air Chief Marshal Sitthi Sawetsila, the minister of foreign affairs and the head of the Social Action Party, granted an interview to NAEON about the distribution of leaflets to MPs and the public. The leaflets, signed by "the military group and those who love the country," called on the government to dismiss the minister of foreign affairs. They charged that the minister of foreign affairs is obstructing the prime minister's policy of turning the battlefield into a marketplace. ACM Sitthi said that this is an attempt by certain people to ruin his reputation. Contrary to what the leaflets said, the military would not do that.

"I don't believe that the military would do this. But I don't know which group is behind this. Those were old copies that had been used in the past. This doesn't bother me. They called me a half-breed. I admit that my grandfather was a foreigner. But why do they have to implicate my ancestors? That is going too far. If I make a mistake in carrying out my duties as foreign affairs minister, they can criticize me. I will let the people decide. I won't let leaflets sway my thinking on how to conduct my activities. If the people don't like what I am doing, they can reject my bid for another term as MP."

The leader of the Social Action Party also said that this does not bother him. Those who wrote this leaflet undoubtedly don't like him. There will also be those who like you and those who don't. Distributing those leaflets got people's attention, but there is no truth to them. "They charged that I am involved in selling weapons and that I am, therefore, opposed to the peace policy. They also said that I am trying to revise the Copyright Law and that I am following the butt of the United States in opening the Thai cigarette market to American cigarettes. None of those things are true. I have never sold weapons or taken action to have the Copyright Law revised. As for the cigarette issue, it is Mr Phong Sarasin, the deputy prime minister, who is involved in the negotiations, not me." [passage omitted]

Columnist Urges Changes in U.S. Cambodia Policy*90OG0053d Bangkok DAILY NEWS in Thai
16 Oct 89 p 2*

[Column by Trairat Sunthonpraphat, president of the Journalists Association of Thailand]

[Excerpts] Mr Edmund Muskie, the former U.S. secretary of state, called on the Bush administration to establish normal diplomatic relations with Vietnam and to recognize the Heng Samrin government. [passage omitted]

The United States is still a key player in keeping others from recognizing the Heng Samrin government. At the same time, it has made an effort to persuade more than

100 countries to recognize the CGDK [Coalition Government of Democratic Kampuchea] led by Prince Sihanouk, Son Sann, and Khieu Samphan even though the coalition forces are living in the jungle without any territory of their own after being forced to flee into the jungle by Heng Samrin's forces. The Heng Samrin regime controls approximately three-fourths of the country and its population. Mr Muskie pointed out that the Heng Samrin faction should, therefore, have greater rights in Cambodia than the other three factions.

The U.S. government once announced that after Vietnam had withdrawn all its forces from Cambodia, the United States would consider establishing diplomatic relations with Vietnam. But now, the United States is claiming that Vietnam has not actually withdrawn all its troops and that there are Vietnam troops posing as Heng Samrin soldiers. Muskie asked that a United Nations team be sent to Cambodia to determine whether there are still tens of thousands of Vietnamese troops in Cambodia. He said that if there are not any Vietnamese troops there, the United States should take steps to improve relations with Vietnam and recognize the Phnom Penh government. The United States has opposed Heng Samrin for more than 10 years, but the Khmer coalition hasn't improved at all. [passage omitted]

If the United States follows this course, the Cambodia problem can be solved very quickly. This is because the Khmer coalition, which really doesn't have much support—particularly the Khmer Rouge, which is hated throughout the world—will have less hope. And if Thailand refuses to help them, the Khmer Rouge will gradually collapse. If the West withdraws its aid, the Sihanouk and Son Sann factions will collapse immediately.

Let's make the right move. Vietnam and Heng Samrin are ready to free themselves from the Soviet Union. It is becoming more and more difficult for them to rely on the Soviet Union in view of the great changes that have taken place in Eastern Europe. Now that many countries are separating themselves from the Soviet Union, surely Vietnam and Cambodia will follow suit.

Columnist Demands Recognition of Palestine*90OG0053E Bangkok DAILY NEWS in Thai
17 Oct 89 p 2*

[Column by Trairat Suntharapraphat]

[Excerpts] On some issues, Thailand acts very quickly. But on other issues, we are very slow. One such issue is the matter of recognizing the "Palestinian" government of Mr Yasir Arafat. More than 110 countries have recognized this government. And of the ASEAN countries, only Thailand and Singapore have not made a decision out of fear of the United States. We will probably be the last ones to give recognition.

What is the trouble in view of the fact that we are now making huge profits from trading with the Arab countries? The Palestinians are fighting to free themselves

from Israel. The Arab countries and other countries that respect what is morally right all support the Palestinians just as we are supporting the Khmer coalition in their struggle for independence from Vietnam. Thailand should implement a clear policy of support for countries everywhere that are struggling for self-rule and freedom.

No one, not even the Jews or the United States, can stop the formation of a Palestinian state even though they have been opposing this for a long time. The United States is now making an effort to correct past mistakes, when it supported only the Jews against the Arabs. U.S. representatives have agreed to talks with the Arafat faction. And most recently, Mr James Baker, the U.S. secretary of state, proposed that the Arafat faction and the Jews hold talks in Egypt.

This is a good time for Thailand to recognize the Palestinian government. We don't have to go so far as to recognize the "Palestinian state," because the Palestinian government doesn't control any territory. But the Arafat government can be located anywhere. There is nothing unusual about a government in exile. [passage omitted]

Let's make a firm decision about the Palestinian problem. Or do we have to wait and ask for permission from George Bush!

Joint Venture With Vietnam Planned, Approval Pending

90OG0059C Bangkok *BAN MUANG* in Thai
22 Oct 89 p 6

[Text] The Thai-Vietnamese Invaxsim Company, which is a joint venture between the Thai private sector and the Vietnamese government, is waiting for an answer from the Vietnamese government regarding the form of the company.

In his capacity as a member of the board of the Thai-Vietnamese Invaxsim Company, Mr Pancha Chunsawatkun, the managing director of the Chemical Innovation Company, said that the Thai-Vietnamese Company has submitted a proposal to carry on activities involving para rubber. Vietnam has a very large number of mature rubber trees. The company also plans to produce pure drinking water, because Vietnam lacks drinking water.

The establishment of this company will facilitate business activities between Thailand and Vietnam in the future. This is in accord with the wishes of the Vietnamese government, which wants the company to serve as a link between Thai businessmen and the Vietnamese government. If any company wants to carry on activities in Vietnam, the Thai-Vietnamese Company will put up 25 percent of the capital.

The company is now waiting for a response from the Vietnamese government regarding what it wants the company to do.

Suphachai on Pending Thai Bank Deal in Vietnam

90OG0059D Bangkok *MATICHON* in Thai
18 Oct 89 p 4

[Excerpt] [Passage omitted] Mr Suphachai Panitchaphak, an advisor to the board of directors of the Thai Military Bank, revealed that the bank has sent a letter to the Vietnamese government, the Ministry of Finance, and the Vietnamese national bank requesting permission to establish a branch of the Thai Military Bank in Vietnam. As for establishing a branch in Laos, the branch is expected to open this year.

Mr Suphachai said that the policy of the Vietnamese government is quite clear, that is, it welcomes the establishment of specialized banks, such as a bank for agriculture and a bank for rural area development. The Thai Military Bank still hasn't made a decision on this, because Vietnam will not promulgate a Commercial Banking Law or Monetary Law until the middle of next year.

Chatchai Adviser Narongchai Comments on Foreign Loans, Inflation

90OG0059A Bangkok *DAILY NEWS* in Thai
21 Oct 89 p 9

[Text] Mr Narongchai Akraserani, the deputy head of the Thailand Development Research Institute, or TDRI, and an advisor to the prime minister, talked about the problem of inflation. He said that from what he can ascertain, the rate of inflation is now over 6 percent, but he does not expect it to exceed 7 percent this year, which is the level at which we would have to worry about this affecting the country's economy. However, unless something is done to solve this problem, next year inflation could easily increase to 7 percent.

Mr Narongchai said that if the inflation rate rises to 7 percent, it will reduce the real rate of return on savings. This will not encourage savings. And if the inflation rate here is higher than in other countries, this will cause problems for the government policy of encouraging people to bring in foreign capital in the form of loans. That is because the value of the baht will decline and repaying these loans will be difficult.

Mr Narongchai said that looking at the factors, a high rate of inflation poses an obstacle to investment. Thus, the government should implement measures to prevent inflation from rising and becoming the main problem of the Thai economy. He said that in his view, besides increasing the loan principal, with respect to loan interest rates, another thing that is worrisome is taking foreign loans in the forms of short-term loans. The principal of these loans should be increased just as the income tax was increased from 12.5 percent. Measures should be implemented to control the use of this money. As for raw materials, which have increased in price, with this being one of the main causes of inflation, those raw materials that cannot be produced in Thailand and of

which there are shortages should be allowed into the country in order to reduce the production costs of the producers, such as producers of animal feed. The government and the Ministry of Commerce want to solve the problem this way, but domestic producers of raw materials have opposed this. They are afraid that prices will drop. Thus, to date, nothing has been done.

As for the measures implemented to control credit, which have not stimulated needed production, Mr Narongchai said that these have not helped solve the problems.

Mr Narongchai said that he supports taking long-term foreign loans. But support for the private sector in this respect should be in line with encouraging private-sector investment in major projects, such as expressways and above-ground railroads. The private sector should be allowed to manage the loan funds and make the decisions on how to use the money. Unless things are done correctly, this could slow down private-sector investment.

Editorial Applauds Finance Minister on Foreign Funds Rule

90OG0053C Bangkok MATICHON in Thai
12 Oct 89 pp 1, 20

[Excerpts] The conflict between Mr Pramuan Saphawasu, the minister of finance, and a number of businessmen and bankers about whether the capital needed for the large-scale investment projects should come mainly from domestic or foreign sources presents an opportunity for all sides concerned to discuss the matter in depth and reach a clear agreement, which can then serve as the line or policy on this. [passage omitted]

Investors must take responsibility, too. That is, they must try to find sources of capital for the projects without affecting the domestic monetary and financial situation. In the immediate period, it is essential to develop large-scale projects needed for the development of the country by tapping domestic sources of capital. But foreign investors can't be allowed to use readily-available domestic funds and other favorable conditions, which entails no risk as far as exchange rates are concerned. That appears to be a very attractive way, but it is not as attractive if you stop and think about how the profits will be shared. Thus, if you stop and think about the country's present development needs, the Ministry of Finance's policy of having those who have bid on large-scale projects look for foreign sources of capital before tapping domestic sources is the correct line. [passage omitted]

Finance Minister Comments on Inflation, Foreign Banks

90OG0053F Bangkok BAN MUANG in Thai
11 Oct 89 pp 1, 19, 20

[Excerpts] [Passage omitted] Mr Pramuan Saphawasu, the minister of finance, talked with reporters following a

cabinet meeting at the Government House on the afternoon of 10 October. When asked about the inflation problem, he said that that issue has not yet been discussed. He said that he is now in the process of compiling new figures, because things are changing very quickly. A reporter said that there have been reports that the policies of the Ministry of Finance have damaged the economy. Mr Pramuan said that the person who said that was probably Mr Olan, who used to work at the national bank. As for using domestic savings for several major projects.... He said that he would like to ask Mr Olan, who is an advisor to various interest groups, what he would do in such a situation. In view of the fact that he used to work at the national bank, he should know what is going on. He said that his policies are working.

A reporter asked whether he thought that this was risky with respect to exchange. Mr Pramuan responded by saying that all business ventures are risky. The reporter asked about the matter of the bank employees union opposing allowing foreign banks to invest in Thailand by establishing branches in Thailand. The minister of finance said that this is not a problem. We have asked them to come here. So far, banks from 26 countries have submitted requests. The committee selected nine, but in the end, nothing was done because our conditions are very strict. He said that we have done the right thing. However, the employees have the right to protest if they think that something is wrong.

When asked whether the conditions would be relaxed to encourage investment here, Mr Pramuan said that he had already answered that question many times. It isn't a matter of their investing here. But we want them to help us with respect to long-term capital. That would not affect domestic banks. As for relaxing the conditions, that must be considered again after the committee has considered matters. But he said that he doesn't think that that will be possible. [passage omitted]

As for allowing foreign banks to establish branches in Thailand, Mr Pramuan said that seven foreign banks have expressed an interest in establishing branches here. But only four of these banks meet the criteria and have the proper qualifications. This is because the Ministry of Finance has very strict conditions. Mr Pramuan said that domestic investment still lacks capital. He wants foreign banks from around the world to invest in Thailand. But so far, nothing has been achieved. The Ministry of Finance is still taking requests. Mr Pramuan would not reveal the identities of the four banks that have been accepted.

The minister of finance also talked about the interview given by Mr Olan Chaiyaprawat, the deputy managing director of the Thai Commerce Bank, who said that the Ministry of Finance's monetary policy is confusing and unclear, with the result that the commercial banks don't know what to do. Mr Pramuan said that he would like Mr Olan to take a broader view. Mr Olan once worked at the Bank of Thailand. The policy of using domestic savings is essential for important projects. For example,

it is essential to expand our electricity generating capacity. The policy won't be changed, because domestic savings are limited. If the country's financial situation is not good, the various projects will come to a halt.

Suphachai Views 7th NESDB Plan, Income Distribution

90OG0061A Bangkok MATICHON in Thai
6 Nov 89 p 5

[Interview with Suphachai Phanitchaphak, member of the National Economic and Social Development Board and chairman of the Board's 7th Plan Joint Planning Subcommittee; date and place not specified]

[Text] [MATICHON] What is the main thrust of the 7th Plan?

[Suphachai Phanitchaphak] Some people have mistakenly thought that we would shift the focus of our attention to income distribution and attach less importance to economic growth. They thought that we would become more like the socialist countries, which focus on income distribution only and which do not give much thought to expanding the economy. But people now have a better understanding. The reason why I have talked so much about income distribution is that I am the chairman of the Joint Planning Subcommittee. In the past, we stressed growth-stability-distribution. But this time we will stress distribution-stability-growth. We are now a market society. We have a very competitive economy. This is a very mature economy. It isn't necessary for us to formulate plans for this. Without growth, a capitalist society would die. The Scandinavian countries, for example, are not socialist countries. They have a market economy. But they use a planning system. Because if we gave free rein to the market, those who couldn't grow would die. That would give rise to many social problems. The state would have to take assets from people to solve the problems. If we let nature take its course without any interference at all, problems will eventually arise. We are still in the process of trying to decide how much intervention is necessary. We might end up having to spend huge amounts on various things. We might, for example, have to tax the rich heavily in order to feed the poor even though we want the tax to be fair and light for everyone. Second, most of the growth will take place in the cities. Those who will profit will be the exporters, and the landowners will use their assets to generate great wealth for themselves. That is, they will be in a position to earn more money than they should.

Third, the growth that has taken place in the newly industrialized countries can lead to conflicts and generate systemic insecurity in society. Fourth, the present marketing process is worrisome. The joint plan, which will improve efficiency in agricultural production, will slow down industry somewhat. If agricultural goods are very expensive, the industrial sector will falter. Or if we provide capital to help agriculture first, the amount of money remaining will be less. I have proposed that we also give support to agricultural industries.

[MATICHON] Hasn't it already been agreed that the focus will be on income distribution, stability, and growth in that order?

[Suphachai Phanitchaphak] We have not yet reached a final decision. But I have proposed that regardless of the wording, we must stress income distribution.

[MATICHON] Then it might be just "words."

[Suphachai Phanitchaphak] We have to get it into the plan first. We can then look at the figures to determine where we need to slow down. I want other planning subcommittees to provide input for the joint plan. In the past, everyone formulated their own plan, and some plans were forgotten about. The science plan is one example. No one included it in the joint plan. I still place great emphasis on education, because that is very important to earning an income. We can't just support the schools. We must also support "minds," particularly food, beginning in preschool.

[MATICHON] Can you tell us which groups lack opportunities?

[Suphachai Phanitchaphak] This is part of the plan that is being formulated by the team headed by Professor Phaichit. This will have to be stipulated clearly, such as 10 percent of the country's population is below the poverty line. In the past the figure was only 6 percent. But things have grown worse. In the past, the wealthiest people had 45-50 percent of the income, but this figure has now risen to 56 percent. Some have cited the theory of Khru Sanet, who thinks that when an economy is growing rapidly, there will be a period when income distribution becomes more skewed. But I think that our economy has been growing for a long time now. Today, the socialist system is collapsing around the world. What is worrisome is that in the past when there were socialist countries with which we could make a comparison, we would see the advantages and disadvantages of capitalism. We tried to correct the shortcomings and look after the disadvantaged. But if everyone uses the capitalist system, it won't be possible to combine the best of the two systems. Only one thing will remain, that is, people will try to make the largest profit possible and get the largest market share. If this is the case throughout the world, that will not suit our country. As for those who want continued high growth, growth is fine, but do we have to stress "high?" When the 6th Plan was formulated, the economy was in a recession. At that time, we would have been happy with a 6 percent growth rate. But by the end of the 6th Plan, the economy was growing at a rate of 10-11 percent. The 7th Plan calls for a continuation of this. But this is not planning. It is just following the trend. I don't think that the market system is always correct. The socialist system has some good features. But because people have implemented this system using dictatorial methods, the system has become dictatorial, too. The same thing is true of the capitalist system. The capitalist system has already witnessed great growth on its own, and we sometimes hesitate to rein it in. It's like

telling a drunk to stop drinking. You can't get him to stop all of a sudden. But if we allow this to continue, the results will be terrible. The system will lack stability. Distribution is the key. Those with small incomes do not require much. They need domestically-produced necessities. That will develop the domestic market, and more domestic goods will be used. Today, most of the goods that we use contain Japanese parts.

This Joint Planning Subcommittee has received good cooperation from many people, including Dr Olan, Dr Amman, and Dr Chuanchai. We have clearly stated that planning for growth is less important than before. What is worrisome is the shift from an agricultural society to an industrial society. What we want to do in this joint plan is formulate a contingency plan in case growth drops from 10 percent to only 5 percent. That could cause great problems. We want to have a plan ready so that we don't suffer sudden losses. Because in such a situation, the farmers would not have enough to live on, debt would increase, and unemployment would rise greatly. The solution is to have a large amount of savings.

We are giving much attention to preparing for the switch from agriculture to industry, which will occur simultaneously with the growth of large urban centers. But this will also create various problems such as slums, a lack of schools, and poor health. We must give attention to developing housing for people with low incomes and solving the pollution problem, because the faster a country industrializes, the sooner such problems arise. As for agriculture, some people still think that if we grow quickly, no one will be left in the agricultural sector. Dr Amman has said that the industrial sector can't develop that fast and the government must be ready to help agriculture, because it is difficult for these two sectors to advance together. We have suggested slowing down industrialization somewhat without mentioning income distribution, because that will already have an effect.

As for science, we still need middle-level technology for use in the fields along with the existing equipment. We don't need to import a lot of technology. Even though we will formulate an industrial plan, I am not sure how much we should spend on this. The electronics industry, whose value will increase greatly, will benefit from cheap labor. It will not help develop technology. If we produce parts and export them to Taiwan or the United States, we won't gain much. Will using high technology speed up things? We will have to wait and see. I am not in favor of putting so much emphasis on electronics and petrochemicals. I would like to see us focus on technology that we can produce here. For example, we can be a food exporter like Denmark and Australia.

Dr Chuanchai is responsible for monitoring social capital. He will include as many factors and problems as possible in order to show the concerns that we have about industrial development. This includes such things as city planning, the environment, education, and the financial position of government officials, on which we have placed great emphasis. This is because government

officials carry a heavy burden, but no one is concerned about them. Another major issue is the law, for which Dr Amon Chantharasombun is responsible. Proposals were made in the 6th Plan, but nothing was ever done. This is also tied to income distribution. One such law is the land ownership law. In some countries, when ownership is transferred, a high tax is collected, particularly changes for trade.

[MATICHON] Should restrictions on land ownership be included in the 7th Plan?

[Suphachai Phanitchaphak] That may be too socialistic. I think that a margin tax should be collected when land changes hands. If it is not agricultural land, the tax rate should be higher. That should be sufficient.

[MATICHON] What about imposing a wealth tax in order to facilitate income distribution?

[Suphachai Phanitchaphak] We shouldn't go that far. That is a means of last resort. I would like to focus on income distribution, that is, giving all an equal opportunity to earn money. Taking such strong measures will have several bad effects. Some people may have accumulated a lot through much hard work. If the educational system is good, you can collect an inheritance tax if you wish. That is another issue.

[MATICHON] In short, does this distribution that you have been talking about have a chance of becoming a reality?

[Suphachai Phanitchaphak] Because we will focus on education, the plan will state that after completing primary school, at least 50 percent must go on to secondary school, not 30 percent. We don't compare with other countries in this region. In Korea, the rate is 90 percent. In Malaysia it is 55-56 percent. We have to double our percentage. We have to reduce the support given to post-secondary education and have the private sector do more. State tuition must be increased. Those who have not passed the examinations but who are prepared to pay the tuition must be allowed to study so that the money can be used to help those who have not had a chance to attend school. We shouldn't focus only on bright students, because that would be tantamount to creating inequality.

The Joint Planning Subcommittee has talked a lot about where to obtain the money. If there are 100 projects but you can implement only 50, how will you decide which to implement? There is a huge financial gap in this plan. Thus, there is a Financial Market Development Subcommittee, which is composed of various bankers.

[MATICHON] How will the surplus of certain groups be used?

[Suphachai Phanitchaphak] Today, the government's method of bringing in revenues has changed. In the past, theory said that the government should earn revenues from direct taxes. For example, it was said that an income tax would be the most equitable form of tax. But

now, stimulating the workers has become a very important matter. If huge direct taxes are imposed, people may not want to work so hard. Thus, we are now focusing on a value-added tax and have reduced trade duties. This should encourage greater investment, and the government will collect more. The income tax should have only three rates, that is, high, medium, and low. The corporate tax should be reduced to 25-30 percent just as in the other ASEAN countries.

[MATICHON] Will the minimum wage help distribution?

[Suphachai Phanitchaphak] That system doesn't work very well here, that is, in a society with surplus labor. Stipulating a minimum wage is almost useless. That is tantamount to preventing people from becoming a part of the system. It benefits those in the system. That form of distribution is not correct. In the past, we thought that we were caring for the poor, the workers. But actually, the poor are the unemployed, and there are large numbers of these people. If a minimum wage is set, it should be used in a flexible manner. It might be better to allow the localities to set the rate. This has stimulated distribution. We have to help those outside the labor market. Look how many tailoring shops and barber shops there are. The people who work at such places are not covered by the labor law. The government can express concern, but it might not be able to take action. It's also wrong to tie the minimum wage to the cost of living. It should be tied to expertise or work efficiency. Because if it is tied to the cost of goods, the price of goods will increase according to the wage. Wages will never be able to keep up.

[MATICHON] Have politicians interfered with the Development Council to the point where the council has had to change its policies?

[Suphachai Phanitchaphak] They haven't interfered to the point of issuing detailed orders. If government officials act properly, there won't be a problem. A few defeats doesn't matter. The important thing is to preserve the principles. Politicians push some projects for political reasons. Government officials have the right to oppose these. But politicians occasionally serve to counterbalance the government officials. Government officials may not be aware of the actual problems, focusing instead on principles. The same is true of the 7th Plan. I think that politicians are concerned about distribution, but they are also concerned about industry. Thus, we must try to coordinate these things. We are concerned about industry, too, but we don't want to move so fast. We have to invest huge sums in agriculture. Because if agriculture is good, there will be great purchasing power and industry will grow rapidly. If the 7th Plan hits the targets, in the 8th Plan industry will grow naturally. But if the 7th Plan falters, we will have to start all over again. This is because there are still 30 million farmers even though some have moved into the industrial sector.

If agriculture improves, industry will improve twice as much, because industrial goods are expensive.

Commerce Ministry Proposes New Price Control Board

42070009A Bangkok NAEON in Thai
18 Oct 89 pp 7, 9

[Excerpt] [Passage omitted] In the 17 October Cabinet meeting, a resolution was approved which would appoint a board of distinguished citizens to set prices of goods and prevent monopolization. This board will consist of eight people named by the Ministry of Commerce.

They are: Police Department Director General Sawaeng Thirasawat, director general of the Labor Department Mr Siri Keolinsarit, director of the Office of Economics and Finance Mr Aran Thammano, Commerce Ministry Civil Service Inspector First Lt Somsak Yomasamit, former deputy minister of commerce Mr Prakaiprik Sarutanon, administrative director of the Chamber of Commerce of Thailand Mr Prayun Thaleungsri, director of the newspaper BAN MUANG Mr Mana Phraephan, and chairman of the Thai Rice Millers' Association Mr Nippon Wongtra-ngan.

The chairman of this board is to be the minister of commerce. The ministry's undersecretary is to be the vice chairman and the director general of the department of domestic trade is to be the secretary. These three serve by virtue of their positions.

There must be at least four members of this board and no more than eight. They must be distinguished citizens and be appointed by the Cabinet. There must be one board composed of appointees from the private sector. [passage omitted]

Leaflets Circulate Demanding Foreign Minister's Ouster

4207009B Bangkok MATICHON in Thai
28 Oct 89 pp 1, 21

[Excerpt] [Passage omitted] Reporters at the Ministry of the Interior say that there are leaflets circulating near the Minister of the Interior's office attacking Foreign Minister Air Chief Marshal [ACM] Sitthi Sawetsila as a warmonger for being opposed to peace in Indochina. The leaflets' authors claim to be a group using the name "Committee of Patriotic Soldiers and People." The contents are addressed to the prime minister and the cabinet, representatives and senators, high-ranking military officers and government officials, as well as community leaders and patriots. The leaflets state that at this time, everyone supports the current government's policy of changing the battlefield to a marketplace so as to create peace in the region. But there are problems and obstacles created by the warmongers and those whose interests suffer and they are hiding behind their lackeys who have come out of the woodwork. From the time this government assigned administrative authority for the Ministry of Foreign Affairs to ACM Sitthi, it appears that ACM Sitthi's foreign policy is running counter to that of the prime minister. The foreign minister has

always tried to create conditions that would sabotage the negotiations to the extent that the prime minister has to carry out his own policy.

The leaflets demand that those in power determine whether ACM Sitthi's conduct should be condemned and demand that he be summarily removed and replaced as foreign minister.

General Discusses 'Green Northeast' Project Implementation, Plans

42070010

[Editorial Report] The 19 October Bangkok MATICHON in Thai, page 5, reported on comments made by Lt Gen Issaraphong Nunphakdi, assistant Royal Thai Army commander in chief, at a recent meeting attended by government representatives concerning the "Green Northeast" Project. Issaraphong, recently appointed director of the Center for Public Assistance in the Royal Patronage Project for the Development of the Northeast, spoke on the project at a meeting attended by representatives from 9 ministries and 54 other agencies to discuss the project activities for 1990. He remarked that he was not worried about being given this new responsibility, since he had "served in the Northeast before" and since the project's 1990 budget had already been authorized.

Issaraphong said that the successes in the project would become apparent by 1992 "with the appropriate planning and cooperation of all ministries, departments, and the Northeast public" as well as the foreign private sector. He commented that poverty in the Northeast will be alleviated to a certain extent, but that he could make no predictions concerning an era of wealth and prosperity. The project objectives to be met by 1992 involve environmental protection and providing water to the nine most seriously drought-ridden provinces. He commented that the 1990 plan will emphasize development

of water sources, reforestation, and soil renewal, which will absorb 70 to 80 percent of the budget. Generating income and creating jobs are secondary objectives, he noted.

Editorial Views UNBRO Food Cuts to Khmer Insurgents

90OG0053A Bangkok SIAM RAT in Thai 18 Oct 89 p 8

[Excerpt] UNBRO [UN Border Relief Operations] began cutting the amount of food provided to the Cambodian refugees at Refugee Camp 2 as of 17 October in order to keep this food from falling into the hands of Cambodian combatants.

Those staying in this camp include widows and women whose husbands are away fighting. It is believed that these women serve as tools in obtaining supplies for the CGDK [Coalition Government of Democratic Kampuchea] forces.

UNBRO's decision to take this action is in accord with the principle that all aid must go to the refugees for whom the aid is intended and that no one else is to benefit from this aid.

We feel that UNBRO's decision may have a negative effect on the refugees. If the refugees don't get enough food to eat, this could effect the health of the refugees in the camp. Besides this, if this decision results in a food shortage in the camp, this could have other indirect effects. They may start stealing food from Thais living along the border. Who can guarantee that this won't happen?

Thus, we feel that the decision to cut food supplies is just a temporary measure aimed at warning the refugees not to provide this food to the combatants. Because if this is a permanent measure, it will cause other problems and cause trouble for Thais. [passage omitted]

POLITICAL

More Editors Dismissed, Journal Closed Down #2090009

[Editorial Report] An article by "N.H." in the October 1989 issue of Paris DOAN KET, a Vietnamese-language monthly published by the Association of Vietnamese in France, reported that several SRV provincial publications underwent major changes this summer following the firings of the chief editors of VAN NGHE and LAO DONG, two influential Hanoi weeklies.

According to the article, the editor-in-chief of LANG BIAN, a journal published in the central highlands city of Da Lat, was fired and then expelled from the Communist Party of Vietnam because of his "activities in support of VAN NGHE's tendencies." The chief editors of two newspapers published in the Mekong Delta region, HAU GIANG and AP BAC, were also fired. SONG HUONG, a journal published in Hue that DOAN KET described as "temporary home to many writers since the 'shaping up' of VAN NGHE," closed down in September.

After noting that CPV General Secretary Nguyen Van Linh had criticized Ho Chi Minh City SAIGON GIAI PHONG and Hanoi TUOI TRE several months before the dismissal of SAIGON GIAI PHONG chief editor To Hoa, "N.H." predicted that it is only "a matter of time" before TUOI TRE chief editor Vu Kim Hanh is let go. According to the article, her firing has been delayed because the editorial staff, "first of all those who are communist party members," has so far refused to be pressured into accepting the change.

Columnist Discusses Revolutionary Vigilance

902E0073 Ho Chi Minh City SAIGON GIAI PHONG
in Vietnamese 10 Oct 89 pp 1, 3

[Text] Vigilance has become a revolutionary instinct of communists in the class struggle to hit the revolutionary targets in each period. Because of this, if the revolutionary viewpoint is not strong, it will be impossible to increase revolutionary vigilance in order to ensure that the revolution wins final victory.

With respect to the problem of revolutionary vigilance and the class viewpoint, the 7th Plenum of the CPV [Communist Party of Vietnam] Central Committee analyzed and criticized things, and clarified the understanding and corrected the loss of vigilance of a number of cadres and party members. The themes of these problems have been disseminated by the press, and the localities are carrying on training. Thus, I would like to propose a number of ideas concerning ways to increase vigilance and solidify the class viewpoint in reality.

Today's historical situation shows that the themes and requirements of revolutionary vigilance and the class viewpoint are not entirely the same as during the period of the national democratic revolution. By looking at the

differences between the past and the present, we can see more clearly the decisive and more complex nature of the struggle against the enemy during the period of the socialist revolution. We can also see more clearly the complexities in the internal struggle as compared with during the previous revolutionary period. These are the aspects that have appeared in action within the party as well as in the relationship between the people and the party.

Reality has shown that the enemy is making use of the mistakes and shortcomings of the revolution to weaken people's faith in socialism. They are doing everything they can to reduce the prestige of the party, separate the party from the masses, destroy internal solidarity, and degrade a number of cadres, and through this, ruin a number of the party's and state's policies and positions. The path ahead is extremely dangerous.

The realities mentioned above require that we be more objective and practical in preventing the enemy from destroying the revolution. We must be fair, wise, and reasonable. Everything that is of value and that is rational and useful must be accepted in order to oppose the enemy. All communists should look at themselves in order to improve their revolutionary vigilance and solidify their class viewpoint. It can be said that improving revolutionary vigilance and solidifying the class viewpoint pose a difficult challenge to the abilities, enthusiasm, morals, and responsibilities of communists.

In today's complex situation, I don't think that any criticism, whether from leaders or subordinates, should be treated in a subjective or biased manner, because criticism will lack objectivity and not be sharp. The situation is very complex and so we must be completely objective. We must be honest in evaluating practices. Only if we are objective can we be fair and think clearly in order to examine and handle the problems. Because of this, I think that regardless of who it is, if they are biased in making criticism and become bound up with individualism, the enemy will certainly use them to cause trouble for the revolution.

I would like to add that no one can use his powers to block or smash those who are honestly struggling to protect and build the party and the socialist system. People cannot make use of this struggle to go beyond the principles of the party and form a clique for their own benefit.

In order to ensure the victory of socialism and manifest the leading role of the party, we must carry on a resolute struggle. Not only must we be brave and clever in facing the enemies of socialism, but we must also be brave in facing ourselves and "seeing who we are." To renovate all of society, every communist must renovate himself.

We cannot allow any difficulty to cause us to doubt the correctness of socialism or deviate from the path of

renovation. In considering things and looking for suitable methods, it is essential to weigh the pros and cons, but doubting socialism and wavering in the face of difficulties is wrong.

We cannot slight reality or reason. Because of this, ideological work must be very persuasive, both in theory and in actual practice. Both reason and emotion are necessary. There must be democracy and mutual respect.

All for socialism and the Communist Party—that is the strength and beauty of socialist Vietnam both now and in the future.

MILITARY

Volunteer Group S7 Faces Problems After Return From Cambodia

902E0063C Hanoi QUAN DOI NHAN DAN in Vietnamese 9 Oct 89 p 2

[Text] Having returned to the country more than a year ago following the fulfillment of its international task in Cambodia, Group S7 (Cuu Long Corps [Binh doan]) still has not been able to overcome all of the difficulties regarding housing and food, the material base for training, and so on. And its most troublesome matter that stands out is the common violation of discipline, with violators including cadres and quite a few cases being rather serious.

Some people explain that the reason may have been the overexaltation of past achievements and the "relax now" mentality of our cadres and soldiers after their return to the country. Although this objective reason is acceptable, it bears the character of a sophistical argument. The principal reason is that discipline and troop management in the unit have been neglected for a long time. The most outstanding aspect of this neglect was the high rate of desertion and temporary leave, 45-50 percent. Regrettably the deserters included a number of platoon cadres.

Lieutenant Colonel Nguyen Nang, the acting commander of Group S7, told us that although the command had anticipated that bad and complicated incidents might occur, the group did not exert enough supervision and control as it was carrying out the necessary measures and even let units act freely as if they had a "blank-check" contract. Therefore, the "measure in a measure" is to quickly restore compliance to orders, and along with it to organize full implementation of whatever regulations the group issues, with control and report from the lower level being done on a weekly basis. For instance, in order to fight the phenomenon of letting noncommissioned officers and soldiers freely leave the barracks (mostly during administrative hours) the command firmly asked all unit commanders to be responsible for their men going outside of the area where they are stationed for no good reason. The group's patrol and control units, under the direct command of the staff, have the right "to arrest" the military personnel involved in such violations and the head of their unit must come in person to take them back.

- Group S7 has made a decision that any unit having violators of discipline would have points deducted from its emulation record. But this decision now seems to have no teeth at all. According to the group's political officer, any punitive measure should be linked with personal interests in order to be effective, to make cadres really responsible for maintaining tight management over their troops.

We were told that the group did not mean to be really strict, indeed, a strictness that truly is necessary, but according to regulations, unit cadres on the basis of a division of authority levels also have the right to let cadres and soldiers go out of the barracks. Each echelon and each unit should use its own exit-entry papers bearing specific marks. The military control force would keep these papers until their bearers return to the barracks. By just looking at these papers one could right away tell to what units bearers belong.

Another measure to be taken to fight violations of discipline is the need for the group to actively and regularly maintain contact with the locality. On the 20th day of every month the "members" of the regional security belt would meet. The military personnel who committed any violation while being away from the unit should be denounced by the people who would report them to the group. In the case a violation adversely affected the people, particularly in the case it caused material damage (buying something on credit, borrowing money, and so on), the group should resolutely force the soldier involved in it to apologize, to pay, and to make compensation in a straightforward and timely manner.

In order to prevent and reduce the frequency of disciplinary violations by soldiers there are many things that must be done in a synchronized manner, but one thing that has a decisive significance is to try to overcome difficulties and to quickly stabilize the living conditions of troops. The group has spent nearly 60 million dong to improve and build anew a number of housing units and dining halls and to dig wells to ensure sufficient water supply for troops. In the meantime, however, it has not failed to maintain control, supervision, and reminders. Since the 2nd quarter no serious incidents have occurred and common disciplinary violations have been very few. The reality taking place in Group S7 also is an experience and a lesson having practical value.

Benefits for Cadres Having Served in Cambodia, Laos

902E0063A Hanoi QUAN DOI NHAN DAN in Vietnamese 4 Oct 89 p 3

[Text] Question: A cadre having fulfilled the task of assisting friendly Cambodia, becomes sick, is given a medical evaluation by his unit, been found to have a 61-percent health deterioration, and been classified as a sick soldier, class 2: After his return to the country, what benefits does he get for the period in which he was assisting the friendly country? How are benefits computed and where does he get such benefits from? (Nguyen Duy Hung of the town of Hiep Hoa, Ha Bac Province)

Answer: According to Circular No 04/LDTBXH-TT of the Ministry of Labor, War Invalids, and Social Welfare dated 30 March 1988 and serving as "Guide for Implementing the Procedures for Granting One-Time Subsidies to Cadres Having Served in Laos and Cambodia Upon Retirement or After Quitting Because of Disability," Official Letter No 2479/LDTBXH-BTNH of the same ministry dated 15 September 1988 and supplementing the above-mentioned circular with additional clarification, and the Ministry of National Defense's documents providing guidelines on the matter:

- The cadres who have been classified as sick soldiers, class 2; have assisted the friendly country for 3 years (36 months) or more; and have stopped working in accordance with the sick-soldier regulations after 1 March 1985, in addition to the initial subsidy granted at the time of their return and the monthly subsidies issued in accordance with the general regulations, will also be entitled to an additional one-time subsidy computed on the basis of the number of years they actually served in the friendly country as follows:

For every year (full 12 months) they served there, the subsidy will equal to a month of base pay (excluding all allowances), but the subsidy cannot exceed 12 months.

If they had served in the past in the friendly country (by decision of an authoritative organ) for a year or more, the latter would be added to the recent time they have served there for the purpose of computing the subsidies.

Method Used To Compute Subsidies

Take the base pay of the last month of the tour of duty in the friendly country.

- If the time of quitting was between 1 March 1985 and August 1985, use the old pay bracket converted to the new one, in compliance with Decree 235/HDBT of the Council of Ministers dated 18 September 1985, and the guidelines of the Financial Affairs Department (Ministry of National Defense).

- If the quitting was after 1 October 1987, the one-time subsidy is multiplied by the coefficient 11.51 (in the case of wounded and sick soldiers, class 1, by 16.43).

- If the quitting was between 1 January 1988 and 31 December 1988, the coefficient to be used for multiplying is 13.15 (16.43 still in the case of wounded and sick soldiers, class 1).

Note: About the base pay (also called principal pay):

- Between 1 April 1988 and 30 June 1988: The base pay is increased by an amount equal to 30 percent of the base pay.

- Between 1 July 1988 and 30 September 1988: The base pay is increased by an amount equal to 60 percent of the base pay.

- Between 1 October 1988 and 31 December 1988: The base pay is increased by an amount equal to 90 percent of the base pay.

- If the quitting was after 1 January 1989, use the new pay system which the National Defense Ministry Financial Affairs Department has issued guidelines for.

Between April 1988 and December 1988, the percentages of pay increase are added to the base pay and the sum will then be multiplied by the 13.15 coefficient.

- After 1 January 1989, the base pay is recalculated in compliance with regulations and the above-mentioned percentages will be dropped.

Official Letter No 560/TV8-SL of the National Defense Ministry Financial Affairs Department, dated 31 December 1988, indicates that subsidies will be issued:

- If the quitting was between 1 March 1985 and 31 July 1988, by the local war invalids and social welfare organ.

- Between 1 August 1988 and 31 December 1988, by the local military organ.

- After 1 January 1989, by the unit in charge of management.

HCM City Acts To Create Jobs for Discharged Soldiers

902E0063B Hanoi QUAN DOI NHAN DAN in
Vietnamese 6 Oct 89 pp 1, 4

[Text] Ho Chi Minh City did not wait until the Vietnamese volunteer troops would have fulfilled their proud international obligation in Cambodia and all returned home, but it has been paying attention to taking many measures aimed at effectively getting jobs for discharged soldiers. According to a report by the Municipal Labor, War Invalids, and Social Welfare Service, in nearly a year its job placement service center has arranged for jobs in favor of more than 4,000 discharged soldiers.

In this final withdrawal phase, there are about over 3,000 discharged soldiers who will return and live in the municipality. The municipality has carried out three immediate measures:

First, through vocational centers in its precincts and districts, the municipality provides, on a first-priority basis, discharged soldiers with vocational training. At the present time, the fact that the educational background of these people is poor and they have no specialized skills has greatly limited the efforts to arrange for their jobs. Statistics based on applications made by discharged soldiers and issued by the job placement service center indicate that 61.64 percent of them have had education lower than the 9th grade and that 92.21 percent have no specialized skills.

The Municipal Labor, War Invalids, and Social Welfare Service and the VFF [Vietnam Fatherland Front] chapter in the municipality have jointly launched a fund-raising drive

to get money to support the vocational training of soldiers; so far tens of millions of dong have been contributed to it. Some localities have done a good job: Phu Nhuan District has invested more than 60 million dong in an enterprise providing discharged soldiers with training in tailoring; the 4th Precinct, which still encounters economic difficulties, has decided to pay vocational training expenses for 100 percent of discharged soldiers living in the precinct. So far hundreds of vocational training centers in the municipality, both state-operated and private, have accepted thousands of discharged soldiers as trainees.

Second, the Municipal Labor, War Invalids, and Social Welfare Service has discussed with the assault youth force about the acceptance of 300-500 discharged soldiers in the current phase for its economic units, particularly the ones that are having good income so as to make sure they can earn enough for their living.

Third, the municipality's job placement service center in the near future will sign contracts with a number of installations and individuals outside of the socialist bloc to provide them with labor, with priority being granted discharged soldiers. In the meantime, the first-priority plans for sending them to socialist countries to fulfill labor cooperation obligation are being carried out as usual.

To get jobs for discharged soldiers, however, is a matter that encounters many great difficulties. The latter arise from a lack of interest in resolving it in a synchronized manner in society. Inconsistencies still occur in a number of localities. Some localities make a number of committees, sectors, and mass organizations shoulder the responsibility. As discharged soldiers have poor or no educational background and specialized and technical knowledge, their training fails to keep up with the need while the aspirations of many of them are far from the social reality, which explains why it is difficult to find suitable employment for them.

Our experience indicates that localities must exploit all of their strengths in order to get jobs for discharged soldiers. The latter also must recognize the difficult aspect of the present social situation and thus accept the difficulties in the initial phase of a vocational training, instead of insisting on some easy jobs that give them high income. They must wait until after the completion of this training to choose a job to their liking. Only then will we be able to contribute to properly implementing the army's rear-area policy and mobilizing the soldiers who have fulfilled or are fulfilling the task of holding guns and defending our fatherland.

Measures Proposed To Keep Unit's Truck Fleet in Operation

902E0063D Hanoi QUAN DOI NHAN DAN in Vietnamese 9 Oct 89 p 2

[Text] The technical conditions of the means managed by Truck Transportation Regiment 11 (Rear Service General Department), due to many years of use and shortages of materials and spare parts, have become

worse everyday. This is understandable because a number of vehicles like the CA-10's and CA-30's had been put to use back in those years of the resistance against America, have since gone through major overhaul (at least once or twice), and now show the effects of old age, with worn engine parts, excessive gas and oil consumption, poor performance of safety systems, and so on. Noteworthy is the fact that in the fleet of ZIL-130's, which was put to use in the 1978-1982 period and had been operating through the major transportation seasons on long grade-3 and -4 roads, there now remain just less than 100 vehicles still capable of being operated and the rest has been put into storage facilities for "storage and safekeeping."

In order to prevent conditions of its vehicles from declining, the regiment attached importance to periodical maintenance, kept the garage day on every Saturday, organized technical contests on a yearly basis, and held "vehicle competition" for 95 percent of its fleet. These were activities of practical significance aimed on the one hand at gathering manpower, operators, and mechanics to quickly and effectively repair the broken vehicles and to put them back in operation, and on the other hand at creating a movement for the masses to take part in mastering technical matters. There were good and outstanding management, maintenance, and operation detachments, such as Company 1, Company 23 (Battalion 52), and Company 7 (Battalion 1-85). The outstanding vehicles and those typical detachments were given rewards in the form of tires, batteries, transistor radios, watches, and so on. In the last 3 years, with high determination and great efforts, the regiment also completed the construction of a garage complex covering an area of nearly 7,000 square meters and including 1,500 concrete posts used to support vehicles during repairs (replacing wooden supports), with expenses totaling tens of millions of dong, for the purpose of providing most vehicles with garages for maintenance and storage activities. All vehicles had identification papers, technical records, and their own locks. Around the garages there were walls and fences. The system of having an on-duty officer in all hours of the day was maintained.

An urgent matter that is being raised now is how to limit the continued deterioration of hundreds of vehicles that still have plenty of operating capacity. The reality of the past years showed that although vehicles might still remain good, the fact that they did not run (because of lack of assignment, shortage of spare parts) meant that they would still be affected with time by technical deterioration caused by rust, damage inflicted by termites and wood-boring insects, losses of materials and parts needed for other vehicles, and so on. This did not include the losses of parts and smaller parts like lights, horns, screws, mirrors, gauges of all kinds, gasoline filter housings, electrical wire holders, generator regulators, and so on due to slackened control in the transferring process. In this situation should we continue to let the deteriorating process take its course until the vehicles would totally collapse (to write them off would be the

only recourse) or actively try to restore them to full operational conditions? The great difficulty today is the lack of materials and money for repairs. In order to resolve this matter we wonder whether we can ask the superior echelons to allow the unit to carry out effective plans based on the principle of "use transportation to support transportation." They include these steps:

- To establish a transportation corporation, to do business according to state regulations, perhaps to use some of the good vehicles in economic activities to earn income so as to have money to buy spare parts and materials and to gradually restore and use again some of the vehicles now in storage.

- To write off a number of vehicles being totally beyond restoration. We can sell a number of old vehicles to get money to buy new ones or to import tires, and batteries for other vehicles to be operational again.

- To select from the entire fleet a number of vehicles with odometers showing great reserves in terms of kilometers remaining to be traveled, to put them in safe and strict storage, and thus to ensure having combat readiness for any task requiring mobility.

We must also think of the very valuable asset we have, namely, the operators and mechanics who have experience, strong occupational skills, maturity gained through challenges and training, and good qualities. But at present many operators do not have any vehicles to drive. When we adjust the table of organization and equipment to conform to the new situation, we must think of using this group of people, both now and in the future.

If we take the necessary measures after the superior echelons have allowed us to take the above-mentioned approach, we will be able to prevent technical deterioration, to restore the operating capacity of many vehicles, to fully use the occupational skills of our people, and thus not only to reduce national defense spending but also to increase income for the state budget and to reduce the chance of having negative effects in the future.

ECONOMIC

Editorial on Economic Discipline

902E0075A Hanoi NHAN DAN in Vietnamese
1 Nov 89 p 1

[Text] Expanding commodity circulation and tying production to consumption are in accord with the multifaceted economy, and they are an important factor for stimulating commodity production. The thing worth noting in business today is that many places are violating the laws and regulations promulgated by the state. In the large cities such as Hanoi, Haiphong, Danang, Can Tho, and Ho Chi Minh City, more than 50 percent of the businesses that have opened in recent months have not obtained permits or paid taxes. Many of the business points of a number of agencies, mass organizations, and

military and public security units and many of the stores, stalls, and service centers of various economic organizations and production installations conceal their activities in the form of "joint ventures" and the "introduction of new products" in order to buy and sell all types of goods, including goods smuggled in from abroad. The bad example set by these organizations in registering their activities and paying taxes has made it difficult to manage the social markets. Thousands of private businesses are relying on these points or making use of these points to bring in goods, including smuggled goods, in order to avoid paying taxes and to get around the stipulations on business registration, the payment of taxes, city management, and public communications order.

Businessmen have been given more freedom, but they must still obey the laws. Businessmen must abide by the stipulations and laws of the state. The fact that there are a number of temporary difficulties concerning labor employment does not give the agencies and mass organizations the right to set up stalls and shops wherever they want without giving any thought to the functions and tasks of the unit. The state's policies encourage every element, unit, and family to expand commercial production and produce many products for society in order to support life, but they do not encourage "everyone to become a trader." As more and more people become involved in trading at a time when production is still small, more and more people will buy goods just to resell them. It will take commodities longer to reach the consumers, and this will disrupt the markets and prices.

A bustling market is not the same thing as a disorderly market. Authorities at all levels must organize and guide the business organizations to ensure that they carry out things in a disciplined manner in accord with the laws. The tax, public security, and market management sectors must work together closely in controlling and guiding things and resolutely prosecuting those who violate the commercial laws promulgated by the state. By repeating the old mistakes over and over, each time that we stress market management, we will just be restricting commodity circulation and hardening the markets. But what frequently happens is that when we see disorderly business activities or markets, we often launch an "operation" to control this. But this is done in a passive manner. What this does is to create a mass psychology of ignoring the state's business laws.

Realities of Economic Deadlock Discussed

902E0076A Hanoi NHAN DAN in Vietnamese
1 Nov 89 p 2

[Text] Editor's Note: The policy of the party and state is to encourage all economic elements to accelerate the growth of commodity production. As a result, commodity circulation at the social markets has become more varied, and more and more forces are participating. In such a situation, how can state commerce manifest a guiding role. Beginning with this issue and

continuing every Wednesday until the end of December 1989, on page 2 NHAN DAN will publish an article on this topic. Based on the actual activities in their units, we hope that the directors of general corporations and corporations, store managers, and economic management research cadres will participate by writing articles on this topic from different perspectives and proposing various measures.

Since the Sixth Party Plenum, the policy of having a multi-faceted economy has enriched the markets and made them more varied. Entering this competition, state commerce has run into a blind alley. At present, more than 70 percent of the district and provincial commercial corporations are suffering losses and gradually eating into their capital. At the same time, private commerce is gaining control over every type of commodity at the markets. As a result, some people are beginning to doubt the nature of state commerce and want to privatize socialist commerce.

This is creating many problems for our socialist state, problems that must be examined carefully. We must renovate theoretical understanding and practical guidance with the aim of creating a socialist commerce that is in accord with the laws. We must not do away with state commerce. Instead, we must help it and enable it to become stronger so that it can play a guiding role at the markets. General Secretary Nguyen Van Linh has affirmed that "regardless of the circumstances, we cannot allow the state economy, which is the backbone of our socialist economy, to collapse."

It's true that state commerce is weak. This is because state subsidies were used for a long time, and state commerce did not know how to compete at the markets and was unfamiliar with the art of trading. The apparatus was cumbersome, expenses were large, skills were low, and so on. But through the recent challenge, many directors and store managers have begun to generate capital, increase the velocity of capital, "take the pulse" of the markets, and work more effectively. Analyzing the situation, the directors of many commercial corporations have said: "If state commerce suffers losses, it is that state that will lose, not the merchants." This sentence is based on reality.

The recent storm that ruined many state commercial corporations arose because they failed to implement the financial and currency policies in a stable and rational manner.

The banks (citing the policy of the state bank) unilaterally set limits on credit, interest rates, and time periods for making commercial loans in spite of the market situation. At the end of 1988, the banks gave unrestricted loans and wrote "blank checks" for billions of dong. The corporations had 300-500 million dong of goods in stock when it was suddenly announced that credit would be limited to only 100-150 million dong within 10 days. This "farce" forced the corporations to sell their goods to pay their overage debts (because suffering losses

was greater than being fined 18 percent, 12 percent). Many corporations lost hundreds of millions of dong, and the atmosphere was one of panic. During that period, private traders earned billions of dong by buying goods at low prices and reselling them.

From April to the end of June 1989, at a time when market prices were falling (2.9 percent in June), interest rates on bank loans increased from 3.9 percent to 6.42 percent. They did not drop until July, falling to 3.9 percent. And during the past 3 months, while prices have continued to drop, bank interest rates have held firm. Experience has shown that if a corporation takes positive steps to obtain capital and does not borrow from a bank, its operations will be profitable and stable. Opposing inflation is an urgent task, but we have done this in an unsynchronized and hasty manner, with the result that the state bears some of the blame for the losses.

The banks have taken many unreasonable steps: Interest rates on deposits and loans are too far apart. People can deposit money whenever they want, but it is difficult to make a withdrawal. Creditors can suddenly become debtors. The directors of state commercial enterprises cannot control their capital at the banks. At the same time, private individuals can buy and sell freely using cash. Recently, the banking policies have changed too much, with the result that state commerce has not been able to engage in profit-and-loss accounting. Fluctuating circulation costs cannot be controlled.

Another burden on state commerce is the budget. To set the budget based on the amount of business, $C+V+M$ must be evaluated in Marx's formula. This irrational aspect has existed for a long time, with the result that the directors have not had any incentive to increase capital velocity. State revenues in the food and beverage sector are 4 percent, and there is the interest on loans. As a result, restaurants cannot serve the common people. The laws of accounting, with many strict rules, are carried out only in state commerce. These are ignored by the other commercial elements, the center of tax evasion.

The finance sector has not been able to put a stop to tax evasion. For example, in Hue there are 12,000 households engaged in private business activities. Only 30 percent of these households paid taxes. Two-hundred families who carry on temporary businesses have not paid any taxes. During the first 6 months of the year, only 30 percent of the butcher's tax was paid, with the loss reaching 50 million dong. Because people evade paying their taxes, besides the fact that the state loses revenues, what is even worse is that this puts great pressure on market prices, state commodities stagnate, and there is a loss of prestige. Goods are purchased at the same price, but private traders can sell at lower prices because of not paying 70 percent of their taxes. And they can purchase things faster by paying cash.

Because of the budget, tax, and banking mechanisms discussed above, when this is added to the fact that market management is loose, a number of cadres are

degraded, and the agencies and mass organizations compete with each other to provide services and operate "tax deferred" and "plan 3" businesses, state commerce is like a person who has been bound hand and foot. When domestic affairs organizations become involved in trading, how can they manage things?

Another pressing problem concerning the budget is that a clear distinction must be made between aid and state subsidies. Today, many population zones such as those in mountain areas and on islands need consumer goods, but state commerce cannot satisfy these needs because of the high circulation costs. There must be reserves of a number of types of essential items, goods mentioned in the social policies, and flood-prevention items. But state commerce does not have capital. If it does not carry out the work, it will "have failed to complete the political tasks." But if it does the work, "there will be losses and no one will pay compensation."

Recently, the state-operated commercial corporations lost even their organizational system. Appeals have been made to "keep trading whole," but the Ministry of Internal Trade recently proposed allowing the Level-1 trading system to separate into parts. Level 1 is also playing tricks, "evaluating" each mission, grading and pricing goods arbitrarily, and failing to abide by the contracts signed. Level 1 has also organized things to sell retail. The planned guidelines have been ruined right from the start. As a result, village marketing cooperatives have not purchased goods from the district commercial corporations, the district corporations have abandoned the provincial commercial corporations, the provinces have ignored the central echelon, and the strong have profited. Trading has gone around in circles, with the result that costs have skyrocketed. "Those who can't control trading can't master the markets." It seems that the commercial sector is ignoring this principle.

If state commerce is to manifest its guiding role at the social markets, there must be an all-round solution that manifests coordination between the sectors and unity between the policies and their implementation.

I would like to make a few suggestions:

1. First of all, the state must revise the finance and currency policies so that they are in accord with the socialist multi-faceted economy, in which state enterprises are the guide. Every irrational fetter must be done away with, and steps must be taken to protect the state economy. Interest rates on loans and deposits must be adjusted immediately so that they are in accord with the changes in market prices. The sources and interest rates for each loan target must be disclosed. Taxes must be based on profits.

2. The state must promulgate specific aid policies for mountain and island commerce and provide goods for the mountain areas, goods for the social policies, and

goods to prevent floods so that the localities can implement the policies in a unified manner. Today, mountain area commerce is stagnating, because circulation costs are too high.

3. Strict measures must be implemented to prevent tax evasion by private businessmen and the service installations of the agencies and mass organizations. Disorderly business activities must be reorganized by quickly promulgating laws on commerce and markets. Permission can be given to establish businessmen's associations by sector in each zone so that they develop competitive strength, oppose illegal activities, and make the markets more wholesome.

4. As for the internal trade sector, the urgent task today is to return the Level-1 corporations to their marketing positions based on the sector. They must be responsible to retailers and consumers. The central echelon should unify sector management nationwide in order to unify domestic market management and oppose interruptions and cyclical trading.

SOCIAL

Science, Technology, Scientists Undervalued

902E0053A Hanoi DAI DOAN KET in Vietnamese
No 34, 22-28 Aug 89 p 2

[Text] Meeting Professor Chu Pham Ngoc Son at his workplace one summer night, I was appalled to see the extremely poor chemistry lab at the Ho Chi Minh City University. And the PhD was bent over the end of the table filled with bottles, flasks, and burners under the light of an electric lamp as dim and reddish as an oil lamp. Later I learned that not only is the power weak but water is in short supply as well. Cadres and students regularly have to go all the way downstairs and carry each bucket of water upstairs to conduct experiments.

PhD Chu Pham Ngoc Son says, "You ask if science and technology are valued? To answer this question you need only come here and later stop off at several gathering spots for music, refreshments, and food in the city. These places not only do not lack light, they have too much. Then you'll see what regard there is for science and technology! Writings and resolutions have emphasized the importance of science and technology so many times, but reality is the opposite. Science and technology are still undervalued and the intellectual is looked down on. I very much hope that party and state leaders visit one of these labs to see the hardships the people who do scientific and technological work must endure and the illogical frustrations they must try to overcome. I hope the party understands and feels even sorrier for the intellectuals."

This is the story in Ho Chi Minh City, the place famous as the site for winning over intellectuals (many scientific

and technical cadres from southern provinces, even from Hanoi, have gone there to "sell" gray matter). And what about other places?

MS Hoang Hung, vice chairman of the Phu Khanh Provincial Science and Technology Commission (former), has pointed out the discontent over a number of leaders' disregard for science and technology. He says, "A number of clever intellectuals have crossed borders or relocated to Ho Chi Minh City to live not just because life is too difficult but, for some, because the leaders don't know how to use them. The intellectuals feel neglected when they aren't given jobs. Some in their number have chosen for themselves a solution that is not very positive—to leave. They want to find a place that has a liberal structure, a wider horizon. A number of leaders point out lack of confidence in intellectuals and few are impressed with their views. Because of that, they usually submit resolutions that lack scientific basis. When resolutions are issued, all of them must be carried out. Ultimately, if successful they say it is because of the leadership of the party organization and, if unsuccessful, it is attributed to natural disaster. There are some areas of land where they change the farming objective continuously. One time they say growing rice is good, another time they say growing cotton is better, and yet another time they state that growing tobacco is best! This is doing things by inspiration, not on any scientific basis, and naturally will lead to failures. Finally, the people must shoulder it all!"

As a cadre in charge of science and technology in the city of Tam Ky, engineer Nguyen Ninh also points out disappointment over the contempt for science and technology held by a number of leaders in his locality. He says, "Almost all our scientific and technical cadres are not involved in planning, including projects investigating raw materials, land, etc. They have submitted output norms without consulting scientific and technical cadres. An inspired key cadre presumptuously submits several figures and the sector departments hurry up plans copying these statistics. We doubt the results of this sudden inspiration method. The reality of many plans indicates this is extremely risky, very expensive, and doesn't bring the desired results."

Dr Vinh Toan, head of surgery at the Da Nang General Hospital, complains about the leadership structure not valuing and caring about talented people. "For a long time now they have treated as about identical the outstanding person, the skilled person, the average person, and the mediocre person. This has kept the outstanding person and the skilled person from displaying their abilities to the fullest, and the average person and the mediocre person have not needed to strive to succeed. Maybe the time has come for directors of enterprises to be permitted to select skilled engineers for their enterprises as well as for patients to select hospitals and the physicians to provide their treatment. Only by so doing will talented people really be valued and their abilities blossom. The old management structure makes abilities disappear and wither away gradually."

PhD Le Van Vien (Hanoi) feels that our ranks of scientific and technical cadres are fairly strong and, especially, that there are a number of very skilled people who have surprised the world. But obviously, their gray matter has not been used effectively for the economy. PhD Le Van Vien says, "One of the reasons for this is because the difficult-to-severe working conditions have tied up the intellectual. No matter that scientific cadres are college educated, the famous PhD professors are also wound up in making a living for food and clothing daily. So time and energy for science and technology are not much. One must go right to the place and view with his own eyes the working conditions of intellectuals to see that working in science and technology in our country is really not easy. Many scientists do not have laboratories and many scientific research organizations are short of desks and two people must share a desk! Scientific documents are in short supply, new books, newspapers, and magazines are not available, and equipment and chemicals are also almost nonexistent, so how can scientific work be done? If there is no effort by scientists to overcome, in only about 10 years they will be out of the field naturally given working conditions as they are now!"

Thus, no matter how much resolutions emphasize the importance of science and technology, specific policies do not substantiate this and once leaders have no confidence in intellectuals then science and technology will still not find an appropriate place in society and it will still not become a factor stimulating our sluggish economy.

Putting Into Effect Circular on Open Responses in News Media

902E0064B Hanoi *QUAN DOI NHAN DAN* in Vietnamese 9 Oct 89 p 2

[Text] The 6th Party Congress resolution asserts that "newspapers are the voice of the party and at the same time reflect the voice of the masses." Thanks to such assertion, the people and cadres have a reliable place to express the feelings and aspirations of units, localities, and their own. Thus we have had in the mass media articles having both practical and theoretical value and written by different people to reveal, recommend, and propose many very realistic ideas having to do with the present political, economic, and social life.

But to accept ideas for the sake of resolving matters, particularly to accept suggestions from cadres and the people, has been few and slow. As we closely followed such newspapers as *QUAN DOI NHAN DAN*, *HANOI MOI*, and *AN NINH THU DO*, and the Voice of Vietnam and Radio Hanoi for a 3-month period, we found that only 20-25 percent of the ideas that they had printed and broadcast were considered important enough to be resolved and answered in the newspapers and by the radio stations and that the rest of them just fell into silence and oblivion.

Consequently, early in June 1988, the Council of Ministers issued a circular in which it noted: "Many responsible organs fail to review, draw conclusion from, and respond to ideas and suggestions mentioned in newspapers and by radio stations, although answers should be made available to them and public opinion." At the same time, the Council of Ministers "requests the heads of ministries, general departments, state commissions, and other organs of its own, as well as local people's committees, from now on to quickly consider, review in order to come to some conclusion, and resolve the matters that have been mentioned in newspapers and by radio stations and have to do with units under their management, and later depending on the nature of such matters either to give direct answers or to assign the responsible organs and units the task of openly answering them in the news media." The Ministry of Information was then assigned the task of assisting the Council of Ministers in monitoring, supervising, and checking all sectors and echelons as they would be implementing the policy.

The circular responded well to the masses' hope and received wide popular acclamation. But since then it has not been seriously implemented; many cases and matters regularly mentioned in newspapers and by radio stations, along with suggestions about responsible organs offering responses to public opinion, have gone back to the old situation—generally speaking, silence. They included the matters that would be beyond the responsibilities of the ministries and organs of similar level, but even then the higher authorities would choose to remain silent, such as the suggestions regarding setting up a Vietnamese Veterans' Association; satisfactorily resolving the question of dealing with seniority in the army and in the cultural, educational, and public health sectors; and deciding about granting allowances to transferred military personnel and retired people.

We therefore suggest that the Ministry of Information fulfill its task of assisting the Council of Ministers in this matter as it has been assigned.

Reader Advocates Passing of Law To Improve News Media

902E0064A Hanoi QUAN DOI NHAN DAN in
Vietnamese 9 Oct 89 p 3

[Text] Newspapers for me are useful and interesting "food" for the mind. In the last few years particularly, they have begun to look better as they dared to attack the fortress of stagnancy, bureaucracy, authoritarianism,

and corruption and to resolutely condemn those people who had been using "special privileges," seizing "special benefits," and awarding special bonuses, thus gradually undermining the law in society and violating state laws and the democratic rights of the working people. The glory of this renovation first of all would go to the newspaper staffs that had good political capabilities and those journalists who were real professionals. However, it was regrettable that beside the dailies that were able to retain their decency and the affection of readers there was the decline of the newspapers which had once captured the affectionate loyalty of readers but now allowed sensational but biased and inaccurate articles and news to appear. Was it because of immediate profits that they had decided to sacrifice their political prestige? This did not take into consideration the fact that such "lies-telling" articles and news showed a disrespect for readers.

In addition, many supplements of a number of newspapers printed sensational stories based on court cases, complicated love situations, and so on; enlarged "beach scenes" pictures; advertisements of cheap "fun and enjoyment" methods, and so on, with some of them being intended almost solely for a group of well-known people and having no participation by readers and very few "special topics" columns.

As we are moving toward the 5th Congress of Journalists, as a reader who likes journalism I have the following ideas to contribute:

I hope that the press law would be passed and put into effect. The prestige of a newspaper that needs to be asserted is first of all its political one. Newspapers must also adopt business accounting in order to consolidate, develop, and enhance their printing and publishing equipment and means and to improve the living standard of their staffs, but this does not mean that they should be commercialized, go after profits, and be transformed into special and temporary economic organizations. It is necessary to sternly deal with the newspapers, staff writers, and reporters who write false and inaccurate articles and news, which adversely affect the confidence of readers in the editorial staffs and do harm to the press as a whole. The state and the organs in charge of newspapers must be concerned about the living conditions of those who are engaged in journalism today. This also is a factor that we cannot afford to lack, for it helps to maintain the capabilities of writers and the political capabilities of a newspaper. On this occasion, all newspapers should review their own work and reorganize themselves to promote greater efficiency in their professional activities within their organs.

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